

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BA DEGREE EXAMINATION DECEMBER 2025
(Third Semester)

Branch - **ECONOMICS**

MACRO ECONOMICS

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Stock variable among the following is a) National income b) Money supply c) Savings per year d) Exports per year	K1	CO1
	2	Method of estimating National Income that sums all factor incomes is called a) Expenditure method b) Product method c) Income method d) Output method	K2	CO2
2	3	Which economist is associated with the theory of wages and employment? a) J.M. Keynes b) A.C. Pigou c) Adam Smith d) Karl Marx	K1	CO1
	4	Pigou's wage theory suggests that unemployment can be reduced by a) Reducing wages b) Increasing wages c) Increasing government spending d) Reducing supply	K2	CO2
3	5	The Permanent Income Hypothesis is associated with a) Keynes b) Friedman c) Pigou d) Marshall	K1	CO1
	6	The Life Cycle Hypothesis of consumption was given by a) Milton Friedman b) James Duesenberry c) Franco Modigliani d) John Hicks	K2	CO2
4	7	The Balanced Budget Multiplier is equal to a) Zero b) One c) More than one d) Less than one	K1	CO1
	8	The Marginal Efficiency of Capital (MEC) is determined by a) Rate of return and cost of capital b) Wages and prices c) Demand and supply of labour d) Consumption and saving	K2	CO2
5	9	The LM curve shows equilibrium in the a) Goods market b) Money market c) Foreign trade d) Employment	K1	CO1
	10	Keynes explained trade cycle in terms of fluctuations in a) Effective demand b) Money supply c) Exports d) Natural resources	K2	CO2

Cont...

SECTION - B (35 Marks)Answer **ALL** questions**ALL** questions carry **EQUAL** Marks (5 × 7 = 35)

ALL questions carry EQUAL Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Explain the nature of Macroeconomics.	K2	CO2
	(OR)			
	11.b.	Summarize the problems involved in the measurement of national income.		
2	12.a.	Identify the Say's Law of Market with assumptions.	K3	CO3
	(OR)			
	12.b.	Explain Pigou's theory of wages and employment.		
3	13.a.	Identify the main factors influencing the consumption function.	K3	CO3
	(OR)			
	13.b.	Apply the absolute income hypothesis to explain variations in consumption.		
4	14.a.	Classify the types of investment.	K4	CO4
	(OR)			
	14.b.	Examine the factors affecting investment decisions.		
5	15.a.	List the main causes of trade cycles.	K4	CO4
	(OR)			
	15.b.	Analyze the process of deriving the IS curve.		

SECTION -C (30 Marks)Answer **ANY THREE** questions**ALL** questions carry **EQUAL** Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Examine the importance of national income analysis.	K4	CO4
2	17	Analyze the Classical theory of employment and output.	K4	CO4
3	18	Critically evaluate Keynes's psychological law of consumption.	K5	CO5
4	19	Explain the effects of multiplier in underdeveloped economies.	K5	CO5
5	20	Discuss the working of Hawtrey's monetary theory of trade cycle.	K6	CO6

Z-Z-Z

END