22ECU307N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BA DEGREE EXAMINATION MAY 2026
(Third Semester)

Branch- **ECONOMICS**

MACROECONOMICS

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	Flow variable among the following is a) Wealth b) Capital c) Income d) Foreign reserves	K1	CO1
	2	Which of the following is included in National Income concepts? a) GDP b) GNP c) NNP d) All of the above	K2	CO2
2	3	Say's Law of Market states that a) Supply creates its own demand b) Demand creates its own supply c) Wages determine demand d) Government creates demand	K1	CO1
	4	Keynes emphasized that employment depends on a) Money supply b) Effective demand c) Wage cuts d) Government budget	K2	CO2
3	5	The Absolute Income Hypothesis was proposed by a) J. M. Keynes b) Milton Friedman c) James Duesenberry d) Franco Modigliani	K1	CO1
	6	The slope of the consumption function represents a) APC b) MPC c) Investment d) Savings	K2	CO2
4	7	The term investment in economics refers to a) Buying shares b) Creation of new capital assets c) Saving money in banks d) Government expenditure	K1	CO1
	8	Which of the following is a leakage of multiplier? a) Savings b) Investment c) Consumption d) Government expenditure	K2	CO2
5	9	The concept of general equilibrium was developed by a) Adam Smith b) J. M. Keynes c) Léon Walras d) Alfred Marshall	K1	CO1
	10	The IS curve represents equilibrium in the a) Money market b) Goods market c) Capital market d) Labor market	K2	CO2

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SECTION - B (35 Marks)

Answer **ALL** questions

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

Module No.	Question No.	Question	K Level	CO
1	11.a.	Explain the various concepts of national income.	K2	CO2
		(OR)		
	11.b.	Summarize the the different methods of estimating National Income.		
2	12.a.	Identify the determinations of the equilibrium level of effective demand.	K3	CO3
		(OR)		
	12.b.	Enumerate the application of Keynesian theory in developing countries.		
3	13.a.	Apply the absolute, relative, permanent income and life cycle hypotheses of consumption.	K3	CO3
		(OR)		
	13.b.	Examine the factors affecting saving and their implications for economic growth.		
4	14.a.	List out the importance of marginal efficiency of capital (MEC).	K4	CO4
		(OR)		
	14.b.	Classify the different types of multipliers.		
5	15.a.	State the steps in deriving the LM function.	K4	CO4
		(OR)		
	15.b.	Examine the different phases of trade cycle.		

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 scope of Macroeconomics	K4	CO4
2	17	Analyze the Keynesian theory of employment and output with reference to aggregate demand and aggregate supply.	K4	CO4
3	18	Explain the importance of the consumption function in macroeconomic analysis.	K5	CO5
4	19	Assess the working of the accelerator–super multiplier.	K5	CO5
5	20	Discuss the Hayek's theory of trade cycle.	K6	CO6

Z-Z-Z END