

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BA DEGREE EXAMINATION DECEMBER 2019
(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 x 1 = 10)

- 1 Who is considered as the father of modern macroeconomics?
(i) Adam Smith (ii) Prof. J.M.Keynes
(iii) Ricardo (iv) Alfred Marshall
- 2 Net National product at factor cost (NNP_{FC}) is also known as _____.
(i) Net factor income from Abroad (ii) National income
(iii) National cost (iv) Net indirect Tax
- 3 The book "General Theory of Employment, interest and Money" was written by _____.
(i) Adam Smith (ii) J.M.Keynes
(iii) Ricardo (iv) Alfred Marshall
- 4 The components of aggregate demand is /are _____.
(i) Household consumption expenditure
(ii) Government final consumption expenditure
(iii) Private and public investment expenditure
(iv) All
- 5 The relationship between consumer expenditures and disposable income is the:
(i) Savings function (ii) The tax rate function
(iii) Disposable income function (iv) Consumption function
- 6 That part of disposal income not spent on consumption is defined as :
(i) Transitory disposable income (ii) Permanent disposable income
(iii) Autonomus consumption (iv) Savings
- 7 The marginal propensity to consume (MPC) is computed as the change in :
(i) Consumption divided by the change in savings.
(ii) Consumption divided by the change disposable personal income.
(iii) Consumption divided by the change in GDP.
(iv) Savings divided by the change in consumption
- 8 Higher the value of MP_S ,
(i) Lower will be the value of multiplier
(ii) Higher will be the value of multiplier
(iii) No effect will be on multiplier
(iv) All is possible
- 9 The change in investment due to change in income is known as
(i) Consumption (ii) Multiplier
(iii) Accelerator (iv) IS curve
- 10 Who developed the concept of IS - LM model?
(i) Hicks and Hanse (ii) J.M.Keynes
(iii) Adam Smith (iv) Alfred Marshall

SECTION - B (25 Marks)

Answer **ALL** questions
ALL questions carry **EQUAL** Marks (5 x 5 = 25)

- 11 a Discuss the scope of Macroeconomics.
 OR
 b Explain the various concepts of National Income.
- 12 a Briefly explain the Pigou's theory of Wages and employment.
 OR
 b Discuss the Application of Keynesian theory in developing countries.
- 13 a Describe the importance of Consumption Function.
 OR
 b How to measure the APC and MPC?
- 14 a Organize the types of Investment.
 OR
 b Analyze the MEC.
- 15 a Show the different phase of Trade Cycle.
 OR
 b Summarise the Hayek's theory of trade cycle.

SECTION -C (40 Marks)

Answer **ALL** questions
ALL questions carry **EQUAL** Marks (5 x 8 = 40)

- 16 a Compare the stock and flow Variables.
 OR
 b Enumerate the methods of estimating national income.
- 17 a Describe the J.B Say's law of market
 OR
 b Briefly explain the Keynesian theory of employment and output
- 18 a Highlight the relationship between Savings and Investment.
 OR
 b Explain the Absolute and Relative income Hypotheses.
- 19 a Discuss the Super Multiplier.
 OR
 b Analyze the Accelerator.
- 20 a Summarise the derivation of ISLM function.
 OR
 b Evaluate the Innovation theory of Trade Cycle.