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B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2021.

Fifth Semester

Economics — Main

MACRO ECONOMICS — I

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — ($10 \times 1 = 10$ marks)

Answer ALL questions.

Choose the correct answer.

1. Macro economics is related with the study of
 - (a) General price level
 - (b) National income
 - (c) National output
 - (d) All the above

2. 'The General Theory of Employment, Interest and Money' was published in the year
- (a) 1956 (b) 1926
(c) 1936 (d) 1966
3. Net National Product =
- (a) Gross National Product – Depreciation
(b) Gross National Product + Depreciation
(c) Gross National Product – direct taxes
(d) None of the above
4. Estimates of National income in India are measured by
- (a) Planning Commission
(b) Ministry of Finance
(c) Reserve Bank of India
(d) Central Statistical Organisation
5. In order to create more employment opportunities Pigou suggests
- (a) Interest cut policy (b) Wage cut policy
(c) Profit cut policy (d) Rent cut policy

6. Effective demand is determined by _____ functions.
- (a) Aggregate demand
 - (b) Aggregate supply
 - (c) Aggregate demand and Aggregate supply
 - (d) Aggregate savings
7. The psychological law of consumption invalidates
- (a) Engel's law (b) Say's law of market
 - (c) Law of demand (d) None
8. MPS is equal to
- (a) $1 + \text{MPC}$ (b) $1 - \text{MPC}$
 - (c) $1 - \text{APS}$ (d) $1 + \text{APS}$
9. If $\text{MPS} = 0.2$ the value of multiplier is
- (a) 4.0 (b) 5.0
 - (c) 0.8 (d) 1.0
10. The concept of multiplier was first developed by
- (a) Keynes (b) R.F. Khan
 - (c) Samuelson (d) Hansen

PART B — ($5 \times 5 = 25$ marks)

Answer ALL questions, choosing either (a) or (b).

Answer should not exceed 250 words.

11. (a) What are the limitations of Macro Economics?

Or

- (b) Define Macro Economics.

12. (a) What are the benefits of national income estimates?

Or

- (b) Explain about Gross National Product.

13. (a) State the assumptions of classical theory of employment.

Or

- (b) Summarize the Pigou's ideas on involuntary unemployment.

14. (a) Find out the relation between Average propensity to consume and Marginal propensity to consume.

Or

- (b) State the importance of consumption function.
15. (a) What are the limitations of the concept of multiplier?

Or

- (b) State the assumptions of accelerator.

PART C — ($5 \times 8 = 40$ marks)

Answer ALL the questions, choosing either (a) or (b).

Answer should not exceed 600 words.

16. (a) Examine the importance of Macro Economics.

Or

- (b) Explain the differences between Macro Economics and Micro Economics.

17. (a) Explain the different concept of National Income.

Or

- (b) Describe the methods of measuring national income.

18. (a) “Supply creates its own demand” — Explain.

Or

- (b) Explain the different types of unemployment.

19. (a) Describe the factors that determining consumption function.

Or

- (b) Analyse the Keynes psychological law of consumption.

20. (a) Explain the working of accelerator.

Or

- (b) Expound the leakages of multiplier.