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(FOR THE CANDIDATES ADMITTED

SUB CODE

DURING THE ACADEMIC YEAR 2023 ONLY)

REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : NOV 2024

B.A ECONOMICS

MAXIMUM MARKS: 75

SEMESTER: III

TIME : 3 HOURS

**PART-III
MACRO ECONOMICS**

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.(K1)

1. Why is macroeconomics important?
 - a) It helps in understanding individual preferences
 - b) It guides in determining the price of goods in a specific market
 - c) It focuses solely on microeconomic issues
 - d) It aids in formulating economic policies
2. According to the Classical Theory of Employment, which of the following ensures full employment?
 - a) Government intervention
 - b) Aggregate demand
 - c) Wage-price flexibility
 - d) Aggregate supply
3. Which of the following is likely to increase the Marginal Propensity to Consume (MPC)?
 - a) Higher interest rates
 - b) Increased consumer confidence
 - c) Higher taxes
 - d) Reduced government spending
4. The acceleration principle suggests that an increase in income leads to:
 - a) A larger increase in investment
 - b) A smaller increase in investment
 - c) A proportionate increase in investment
 - d) No change in investment
5. What happens to the general equilibrium when the IS curve shifts left due to a decrease in government spending?
 - a) Interest rates rise, and output falls
 - b) Interest rates fall, and output falls
 - c) Interest rates rise, and output rises
 - d) Interest rates fall, and output rises

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Comment on 'Macro Economics'.
7. Define aggregate supply.
8. Apprehend the term 'consumption function'.
9. Define the term accelerator.
10. What is the IS curve?

SECTION – B

(5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

- 11.a) Analyse the limitations of Macro Economics.
(or)
b) Describe the circular flow of income and goods.
- 12.a) Write a note on classical theory of employment.
(or)
b) Analyse the factors determining effective demand.
- 13.a) What are the major determinants of the consumption function?
(or)
b) What is the measure of propensity to consume?
- 14.a) How do multiplier and accelerator interact?
(or)
b) Exemplify the operation of super multiplier.
- 15.a) What is the money market equilibrium LM curve?
(or)
b) Explain the concept of commodity market equilibrium.

SECTION – C

(5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4/K5)

- 16.a) Explain the different methods of measuring national income.
(or)
b) Analyse the circular flow of national income in four sector model.
- 17.a) Analyse the keynes' criticism of classical theory of employment.
(or)
b) Discuss the relevance of Keynesian Theory of Employment to UDCs.
- 18.a) Describe the Keyne's psychological law of consumption.
(or)
b) Distinguish between marginal propensity to consume and average propensity to consume.
- 19.a) Distinguish between induced investment and autonomous investment.
(or)
b) Explain the relationship between MEC and MEI.
- 20.a) Describe the functions of the IS curve in macroeconomic analysis.
(or)
b) Describe the economic implications of simultaneous shifts in the IS and LM curves.