

**Avinashilingam Institute for Home Science and Higher Education for Women  
Coimbatore-641043.**

**Master's Degree Examination - November-2017**

**I-Semester**

**Class : I PG  
Major : Economics**

**Time: 3 hours  
Max. Marks: 60**

**17MECC02 Macro Economic Theory-I**

**Part A**

**(10 x 1/2 = 5)**

**Choose the correct answer**

1. The difference between GNP at Factor Cost and NNP at Factor Cost is  
a. Imports    b. Depreciation    c. Taxes on Agriculture    d. Net income from abroad
2. The term social accounting was first introduced into economics by  
a. J.R.Hicks    b. Adam Smith    c. Ricardo    d. Pigou
3. Marginal propensity to consume means  
a. Inclination to conspicuous consumption  
b. Low income group spending more  
c. Rate of income spent on consumption  
d. The rate of extra income that will be spent on consumption
4. Who propounded Psychological law of consumption?  
a. Adam Smith    b. Ricardo    c. Keynes    d. Pigou
5. According to Keynes the most important determinant of investment is  
a. MEC    b. Effective demand    c. Aggregate demand    d. Rate of interest
6. MEC is inversely related to:  
a. Prospective yield    b. Supply price    c. Investment    d. Rate of interest
7. The concept multiplier was first developed by  
a. Hicks    b. Hansen    c. Keynes    d. R.F.Khan
8. What are the two main components of business cycle theories?  
a. A description of shocks and a model of how the economy responds to them  
b. A model of how people decide to spend and a description of the government's role in the economy  
c. A model of how equilibrium is reached and a description of the government's role in economy  
d. A description of shocks and a description of the government's role in the economy

