



Seat No. : _____

DJ-104

December-2025

Int. M.B.A., Sem.-V

DSC–C–353 : Macro Economics

Time : 2 Hours]

[Max. Marks : 50

1. (i) Write a brief note on the scope of macroeconomics. 5
(ii) Explain any two methods of measuring national income. 5
 2. Define the consumption function and the saving function. Also explain the concept of average propensity to consume [APC] and marginal propensity to consume [MPC]. Explain the importance of APC and MPC. 10
 3. Explain the Keynesian theory of Income and Employment with the help of a diagram. 10
- OR**
3. Explain the Classical theory of Employment with the help of a diagram. 10
 4. Explain any **TWO** : 10
 - (1) Discuss the meaning of the goods market and money market and their equilibrium condition.
 - (2) Derive the IS curve with explanation.
 - (3) Discuss the slope of IS curve and the slope of LM curve.
 5. Multiple Choice Questions : (Any 10) 10
 - (i) Macroeconomics deals with :
 - (a) Individual consumer behaviour
 - (b) Firm pricing
 - (c) The economy as a whole
 - (d) Individual product markets
 - (ii) The income method includes :
 - (a) Intermediate goods
 - (b) Only expenditure
 - (c) Factor incomes like wages, rent, interest and profit
 - (d) Imports

- (iii) In the classical model, if there is an increase in labour supply, full employment is maintained due to :
- (a) Increase in investment (b) Flexible money wages
(c) Decline in consumption (d) Government deficit spending
- (iv) Say's Law implies that:
- (a) Supply creates its own demand
(b) Demand creates its own supply
(c) Government spending is essential for full employment
(d) Prices are sticky in the short run
- (v) The Keynesian theory rejects Say's Law because
- (a) savings may not automatically become investment.
(b) wages and prices are always flexible.
(c) supply always creates its own demand.
(d) money supply does not affect interest rates.
- (vi) Which of the following best illustrates the difference between Keynesian and classical views on employment ?
- (a) Keynes focuses on short-run demand, classical on long-run supply
(b) Classical focuses on government intervention, Keynes on self-adjusting markets
(c) Keynes assumes full employment, classical assumes unemployment
(d) Classical emphasizes fiscal policy, Keynes emphasizes monetary policy
- (vii) The investment multiplier is larger when:
- (a) MPC is low (b) MPS is high
(c) MPC is high (d) Investment is low
- (viii) If $MPC = 0.8$, the investment multiplier is:
- (a) 2 (b) 4
(c) 5 (d) 8
- (ix) Fiscal policy affects equilibrium mainly through shifting the:
- (a) LM curve (b) IS curve
(c) Both IS and LM equally (d) Neither curve
- (x) The intersection of IS and LM curve determines:
- (a) Output and price level
(b) Interest rate and money supply
(c) Income (Y) and interest rate (r)
(d) Saving and investment only
- (xi) If both IS and LM curves shift right, equilibrium income will:
- (a) Increase (b) Decrease
(c) Stay constant (d) Fall first then rise
- (xii) Induced investment is primarily influenced by:
- (a) Level of income (b) Government policy only
(c) Religious beliefs (d) Weather conditions
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