



Register Number:

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ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27
B.Sc. ECONOMICS- III SEMESTER
SEMESTER EXAMINATION-OCTOBER 2019
ECS 3118: MACROECONOMICS

Time – 2 ½ hrs

Max Marks-70

This question paper has 1 printed page and 3 parts

Part A Answer any TEN of the following

3*10=30

1. State the difference between nominal and real GDP.
2. What is Balanced Budget Multiplier?
3. What is Phillips curve?
4. Write a brief note on real business cycle model.
5. What is Tobin's q?
6. Write a brief note on Solow's growth model.
7. What is the relation between velocity of money and Cambridge k?
8. State Keynesian consumption function.
9. What is marginal efficiency of capital?
10. Which assumption of classical theory can be explained by two sector (household and firm) circular flow model?
11. Distinguish between autonomous and induced investment?
12. Why is equilibrium output achieved at full employment in classical analysis?

Part B Answer any TWO of the following

5*2=10

13. Compare and contrast Friedman's theory of demand for money with Cambridge approach of quantity theory of money.
14. What property is shared by all points along the LM and IS schedules? What factors determine the slope of IS curve?
15. Does change in price have any impact on equilibrium output in classical analysis? Explain.

Part C Answer any TWO of the following

15*2=30

16. Explain Keynesian analysis of equilibrium output. Suppose for a particular economy, investment is 100, government expenditure is 75, net tax is 100 and consumption (C) is given by the function $C=25+0.8Y_D$ where Y_D is Disposable income. Calculate the level of equilibrium level of income, government expenditure multiplier and tax multiplier
17. Explain classical theories of labour supply and demand.
18. What is Phillips curve? Explain Keynesian view of inflation-unemployment trade off.