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

Time- 2 ½ hrs   **Max Marks-70**
This paper contains <u>one</u> printed page and <u>three</u> sections
PART A

Answer any TEN of the following   **3 X10=30**

1. Wages and salaries paid in kind creates a problem national income accounting-justify.
2. Describe the two-sector circular flow of income model.
3. State the implication of Keynes's psychological law of consumption.
4. Write the concept of interaction between demand pull and cost push inflation.
5. What do you mean by "liquidity trap"? In this context of explain the reasons behind a particular shape of LM curve in the liquidity trap zone.
6. What is natural rate of unemployment?
7. What is ratchet effect?
8. State the differences between autonomous investment and induced investment with proper examples.
9. State the life cycle hypothesis.
10. State the concept of Pigou's modification of wage price flexbility in Classical theory.
11. Explain the precautionary motive of holding money in detail.
12. Write the mechanism of "multiplier".

PART B

Answer any TWO of the following   **5 x 2 =10**

13. Define macro economics and also state factors responsible for growth of macroeconomics and its importance.
14. Define Philips curve. Write a note on long run Phillips curve.
15. Write a short note on rational expectation hypothesis.

Part C

Answer any TWO of the following   **15x 2 = 30**

16. With the help of diagram explain in detail the four-sector circular flow of income and its leakages.
17. Critically examine the classical theory of output & employment, goods market equilibrium, labour market equilibrium and money market equilibrium.
18. Explain the Solow model of growth. What causes continuous growth of nation in per capita terms according to this model?

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