



Register Number:

DATE:

**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. What is national income? Is national income different from GNP at factor cost?
2. State Cambridge approach of quantity theory of money.
3. What is natural rate of unemployment?
4. What is rational expectation hypothesis?
5. Explain 'crowding out effect' in classical analysis.
6. Suppose the interest elasticity of investment demand is zero. What will be the resulting slope of the IS curve. Explain.
7. How does increase in government expenditure affect equilibrium income in Keynesian analysis?
8. What is Tobin's q?
9. What is Life Cycle Hypothesis?
10. Explain how aggregate demand is determined within classical model.
11. What is tax multiplier?
12. What is marginal efficiency of investment?

**Part B Answer any TWO of the following**

**5\*2=10**

13. Explain different approaches of calculating GDP.
14. Explain Solow's growth model.
15. How does short run Phillips curve differ from long-run Phillips curve?

**Part C Answer any TWO of the following**

**15\*2=30**

16. Explain why in IS-LM model, IS curve is negatively sloped and the LM curve is positively sloped. Suppose that  $C=60+0.8Y_D$ ,  $I=150-10r$ ,  $G=250$ ,  $T=200$ ,  $M^s=100$ ,  $M^d=40+.1Y-10r$ 
  - a. Write the equations for the IS and LM schedules.
  - b. Find the equilibrium values for income  $Y$  and the interest rate ( $r$ ).
17. Derive aggregate supply curve in classical analysis.
18. Explain Keynesian analysis of equilibrium output. How does increase in tax affect equilibrium income in Keynesian analysis.