

**ST. JOSEPH’S UNIVERSITY, BENGALURU -27**

**B.Sc. (ECONOMICS) – II SEMESTER**

**SEMESTER EXAMINATION: APRIL 2023**

**(Examination conducted in May 2023)**

**ECS 2121: Macroeconomics**

**(For 2022-23 batch students only)**

**Time: 2 Hours Max Marks: 60**

**This paper contains 2 printed pages and 3 parts**

**PART-A**

**Answer any 10 questions** **3 X 10 = 30**

1. What is NFIA?
2. What are the assumptions of Classical model?
3. What do you mean by imputed values in the calculation of GDP?
4. Explain the difference between stock and flow variables. Give possible examples.
5. Define the terms ‘personal income’ and ‘personal disposable income’.
6. What do you mean by leakage and injection in circular flow model?
7. Explain the terms marginal propensity to consume (MPC) and marginal propensity to save (MPS).
8. What is balanced budget multiplier (BBM)?
9. Define IS and LM curves.
10. Distinguish between transaction demand and speculative demand for money.
11. Define Keynesian Liquidity Trap.
12. What do you mean by labour demand and labour supply?

**PART - B**

 **Answer any 3 questions** **5 X 3 = 15**

1. Define the term Gross Domestic Product (GDP). Explain carefully which transactions in the economy are not included in GDP and why?
2. Define the term ‘velocity of money’. What are the differences between the Fisherian and Cambridge versions of quantity theory of money?
3. Explain the reasons for the negative slope of IS curve and the positive slope of the LM curve in the IS-LM model.
4. Explain the Keynesian consumption function.
5. Explain macroeconomic paradoxes. Give three examples.

**PART - C**

**Answer any 1 question** **15 X 1 = 15**

1. a. Why is the Classical aggregate supply curve vertical?
2. ‘There is a dichotomy between the factors determining real and nominal variables.’ – Comment on the statement.
3. **+ 5) = 15**
4. a. Explain the Keynesian theory of interest-rate determination.

b. Calculate National Income (N.I.) and Personal Disposable Income (PDI) using the following information:

GDPMP = Rs. 6000

Receipts of factor income from rest of the world (ROW) = Rs. 150

Payments of factor income to ROW = Rs. 225

Depreciation = Rs. 800

NIT = Rs. 700

Corporate profit = Rs. 1200

Dividend = Rs. 600

Transfer payments = Rs. 1300

Personal taxes = Rs. 1500

 (8 + 7) = 15