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

Registration Number:

Date & session:

**M.A. (ECONOMICS) – I SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2023**

**(Examination conducted in November/December 2023)**

**EC 7321 – MACRO ECONOMIC THEORY**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 50**

**This paper contains 1 printed page and 3 parts**

**PART - A**

Answer any 5 questions 2 × 5 = 10

1. What is the fundamental principle of classical economics?
2. State the psychological law of consumption.
3. What is the difference between adaptive expectation and rational expectation?
4. Differentiate between Real and Nominal GNP.
5. Differentiate between autonomous investment and induced investment.
6. Find NDPFC from GDPMP.
7. State the random walk hypothesis.

**PART – B**

Answer any 2 questions 5 × 2 = 10

1. Using Classical Theory, diagrammatically explain the effects of an increase in government spending.
2. Explain the Real Business Cycle Model.
3. Diagrammatically explain the the Phillips Curve.

**PART – C**

Answer any 2 questions 15 × 2 = 30

1. Bring out the implications of the Quantity Theory of Money through Fisher’s equation and the Cambridge equations.
2. Explain the various policy implications of classical theories in detail. Bring out these implications using diagrams.
3. Discuss the effectiveness of fiscal and monetary policy in the presence of liquidity trap.