ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27
M.A. ECONOMICS- I SEMESTER
SEMESTER EXAMINATION-OCTOBER 2019
EC7318: MACRO ECONOMIC THEORY

Time – 2 ½ hrs   **Max Marks-70**
This question paper has 1 printed page and 3 parts

Part A. Answer any FIVE of the following   2*5=10

1. Define the term Gross Domestic Product.
2. What condition is required for LM to be horizontal?
3. Give the meaning of the term classical dichotomy.
4. Explain the difference between realised and desired investment.
5. What role does aggregate demand have in determining output and employment?
6. State relative income hypothesis.
7. What do you mean by NPV?

Part B. Answer any THREE of the following   10*3=30
8. Explain how changes in price affect equilibrium output in classical analysis.
9. In the simple Keynesian model, an increase of one rupee in autonomous expenditure will cause equilibrium income to increase by a multiple of this one rupee increase. Explain the process by which this happens.
10. Derive Phillips curve from aggregate supply curve.
11. Explain different approaches of calculating GDP. When does the problem of double counting occur.
12. Discuss the efficiency wage theory.

Part C. Answer any TWO of the following   15*2=30
13. State Keynesian consumption theory. What were the inferences of the empirical studies after Keynes? In this context discuss at least two post Keynesian consumption theories.

14. Derive aggregate supply curve in classical analysis. How does it differ from Keynesian aggregate supply curve?

15. Explain the relative effectiveness of fiscal and monetary policy using IS-LM model.