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

Registration Number:

Date 8-12-2022

**M.A (ECONOMICS) – I SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2022**

**(Examination conducted in December 2022)**

**EC 7321 – MACRO ECONOMICS**

**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 are the assumptions of the psychological law of consumption?
2. Explain the GDP Deflator.
3. Explain the rationale behind the fundamental principle of classical economics.
4. What are business cycles?
5. Differentiate between transaction demand and speculative demand for money.
6. What is meant by Marginal Efficiency of Capital (MEC)?

**PART - B**

**Answer all questions 5 \* 2 = 10**

1. Differentiate between macro & micro economics.
2. Suppose the GDP at market price of a country in a particular year was Rs 1,100 crores. Net Factor Income from Abroad was Rs 100 crores. The value of ‘Indirect taxes – Subsidies’ was Rs 150 crores and NNPFC was Rs 850 crores. Calculate the aggregate value of depreciation.

**PART - C**

**Answer any 2 questions 2 \* 15 = 30**

1. Explain the various policy implications of classical theories in detail. Bring out these implications using diagrams.
2. Explain the following:
   1. the relationship between unemployment and inflation as brought out by the Phillips Curve. (9)
   2. the concept of liquidity trap within the Keynesian macro economic system. (6)
3. Explain and differentiate between Life Cycle, Permanent Income and Relative income Hypotheses.