



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**M.A. DEGREE EXAMINATION – ECONOMICS**

**FIRST SEMESTER – NOVEMBER 2018**

**EC 1807 – MACRO ECONOMIC THEORY - I**

Date: 24-10-2018

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

**Part - A**

**Answer any FIVE questions in about 75 words each.**

**(5 x 4 = 20 marks)**

1. Define Marginal Propensity to Consume.
2. What is meant by Neutrality of Money?
3. What are the determinants of saving and investment equality?
4. State the assumptions of acceleration theory of Investment.
5. What is meant by disequilibrium in the real market?
6. Write a short note on suppressed inflation.
7. What are NAIRU curves?

**Part - B**

**Answer any FOUR questions in about 300 words each.**

**(4 x 10 = 40 marks)**

8. Briefly explain the J.B. Say's law of market with its merits and demerits.
9. Explain the Keynes Psychological law of consumption. What are its implications?
10. Diagrammatically explain the real and nominal wage rigidity.
11. Bring out the assumptions of New Keynesian economics.
12. Elucidate the financial theory of investment and mention its policy implications.
13. Critically examine the Representative Agent model.
14. Explain the Phillips Curve and its limitations.

**Part - C**

**Answer any TWO questions in about 1200 words each.**

**(2 x 20 = 40 marks)**

15. Elaborate the Classical theory of employment and the Keynesian criticism raised against it.
16. Elaborate the Patinkin's general equilibrium model.
17. Discuss various merits and demerits of Macroeconomic disequilibrium model.
18. Examine the causes for inflation and illustrate the relationship between cost-push and demand-pull inflation.

\*\*\*\*\*