



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – NOVEMBER 2022

PEC 1502 – MACRO ECONOMIC THEORY - I

Date: 23-11-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART – A

Q. No Answer any FIVE questions in 75 words each.

(5x 4 = 20 Marks)

- 1 State the Classical Dichotomy.
- 2 Write a short note on LM curve.
- 3 What is meant by non-neutrality of money?
- 4 Mention the reasons for price stickiness.
- 5 Write a short note on structural inflation.
- 6 State the significance of Keynes' Psychological law of consumption.
- 7 What is NAIRU curve?

PART – B

Answer any FOUR questions in 300 words each.

(4 x 10 = 40 Marks)

- 8 Briefly explain the Classical model with saving and investment.
- 9 Diagrammatically explain the aggregate demand and aggregate supply functions.
- 10 Elucidate the misperception theory?
- 11 Explain the efficiency wage model.
- 12 Bring out the influence of expectation and supply shocks on inflation.
- 13 Critically analyse the Say's law of market.
- 14 Examine the cost of reducing inflation.

PART – C

Answer any TWO questions in 1200 words each.

(2 x 20 = 40 Marks)

- 15 Discuss in detail the IS-LM model.
 - 16 Critically examine the Real business cycle theory.
 - 17 Elaborate the Keynesian views on macroeconomic stability.
 - 18 Examine the relationship between unemployment and inflation with suitable diagram.
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