LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A.DEGREE EXAMINATION –**ECONOMICS**

FIRST SEMESTER – **APRIL 2019**

EC 1807– MACRO ECONOMIC THEORY - I

Date: 05-04-2019   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. Write a short note on autonomous investment.
3. What are the assumptions of New-Keynesian economics?
4. What is meant by liquidity trap?
5. Write a short note on Tatonnement process.
6. What is Classical dichotomy?
7. What is meant by cost-push inflation?

Part – B

Answer any FOUR questions in about 300 words each.   **(4 x 10 = 40 marks)**

8. Elaborate the limitations of Classical theory of employment.
9. Bring out the factors affecting consumption function.
10. Briefly explain features of general disequilibrium model.
11. Compare and contrast Classical and Keynesian views on full employment.
12. Examine the goods market equilibrium and state reasons for shift in IS curve.
13. Discuss the fixed acceleration theory of investment.
14. Analyse the relationship between unemployment and inflation with suitable diagram.

Part – C

Answer any TWO questions in about 1200 words each.   **(2 x 20 = 40 marks)**

15. "Supply creates its own demand" – Discuss.
16. Elaborate the concept of effective demand and the Keynesian model of underemployment equilibrium.
17. Critically examine the financial theory of investment.
18. Examine the Rational Expectation model and explain its policy implications.

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