

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



M.A.DEGREE EXAMINATION –ECONOMICS

FIRST SEMESTER – APRIL 2018

EC 1807– MACRO ECONOMIC THEORY - I

Date: 25-04-2018
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

Part – A

Answer any FIVE questions in about 75 words each.

(5 x 4 = 20 marks)

1. Explain the term Effective Demand.
2. What is meant by Neutrality of Money?
3. Define Marginal Propensity to Consume.
4. Differentiate between autonomous and induced investment.
5. What is meant by Real Balance effect?
6. Write a short note on NAIRU curve.
7. What is meant by structural inflation?

Part – B

Answer any FOUR questions in about 300 words each.

(4 x 10 = 40 marks)

8. Explain the Say's Law of Market and mention its implications.
9. Examine the determinants of consumption function.
10. Discuss about the Keynesian Psychological law of consumption.
11. List the various factors influencing investment function.
12. State and explain the financial theory of investment.
13. Explain the features of general disequilibrium model.
14. Analyze the relationship between demand-pull inflation and cost push inflation.

Part – C

Answer any TWO questions in about 1200 words each.

(2 x 20 = 40 marks)

15. Elaborate the simple classical theory of employment.
16. Critically examine the Jorgenson's model of Investment.
17. Elucidate the rational expectation model.
18. Explain the nature of Philips curve and state its limitations.
