LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

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

FIRST SEMESTER – **APRIL 2025**

PEC1MC02 – ADVANCED MACROECONOMICS - I

Date: 25-04-2025 Dept. No. Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

	SECTION A – K1 (CO1)
	Answer ALL the questions **(5 x 1 = 5)**
1	**Answer the following**
a)	The real interest rate (r) determines the relative price of current consumption and _____consumption.
b)	What is meant by Institutional Unemployment?
c)	According to the misperceptions theory, money is considered non-neutral because ____________ a) Prices are fixed b) Nominal wages are sticky c) Workers are fully informed d) Money supply is constant
d)	Higher wages in the efficiency wage model can lead to _____________. a) More jobs b) Fewer jobs c) No change in jobs d) Higher productivity
e)	Who questioned the logic of the Phillips Curve? a) Hall and Hitch b) Kaldor and Hicks c) Friedman and Phelps d) Hicks and Hansen
	SECTION A – K2 (CO1)
	Answer ALL the questions **(5 x 1 = 5)**
2	**Answer the following**
a)	What is meant by Spillover Effect?
b)	Recall the equation of demand for money in the LM Model.
c)	In the misperceptions theory, an increase in the money supply may lead to____________ a) Higher output b) Lower output c) Unchanged output d) Immediate inflation
d)	According to Keynesian theory, government spending helps to______________. a) Stabilize the economy b) Increase interest rates c) Decrease inflation d) Reduce taxes
e)	The Expectations-Augmented Phillips Curve incorporates ______________. a) Historical Inflation b) Future inflation expectations c) Past unemployment rates d) Government spending
	SECTION B – K3 (CO2)
	Answer any THREE of the following in 100 words each. **(3 x 10 = 30)**
3	Explain the Consumption and Saving decisions of an individual.
4	Derive and explain the LM Curve.
5	Justify the role of unemployment in the Classical Model.
6	Summarize the employment and unemployment in the Efficiency Wage Model.
7	Relate Phillips Curve's relevance in the Macroeconomic Policy.

	SECTION C – K4 (CO3)
	Answer any TWO of the following in 200 words each. (2 x 12.5 = 25)
8	Classify the merits and demerits of General Disequilibrium Analysis.
9	Explain the shifts in IS Curve using suitable diagrams.
10	Evaluate the Monetary Policy and the Misperception Theory.
11	Explain the supply shocks in the Keynesian Model.
	SECTION D – K5 (CO4)
	Answer any ONE of the following in 500 words (1 x 15 = 15)
12	Examine the major aspects of New Classical Model.
13	Elucidate the complete IS-LM Model with diagram.
	SECTION E – K6 (CO5)
	Answer any ONE of the following in 1000 words (1 x 20 = 20)
14	Analyze the Rational Expectations and the role of Monetary Policy.
15	Evaluate the impact of the Monetary and Fiscal Policies in the Keynesian Model.
