

**STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI – 86
(For Candidates admitted during the academic year 2011-12)**

SUBJECT CODE: 11EC/PC/MA34

**M.A. DEGREE EXAMINATION NOVEMBER 2012
BRANCH III – ECONOMICS
THIRD SEMESTER**

**COURSE : CORE
PAPER : MACRO ECONOMICS - I
TIME : 3 HOURS**

MAX.MARKS : 100

SECTION – A

I. ANSWER ANY FIVE QUESTIONS. EACH ANSWER NOT TO EXCEED 300 WORDS. (5X8=40)

1. Explain the shortcomings of the classical theory of employment?
2. Explain the Absolute Income Hypothesis.
3. Explain accelerator theory of investment.
4. Describe the causes of inflation and also suggest few measures to contain it.
5. Elucidate briefly the sticky wage model.
6. Discuss the assumptions of imperfect information model.
7. Explain Pigou's effect

SECTION – B

II. ANSWER ANY THREE QUESTIONS. EACH ANSWER SHOULD NOT EXCEED 1200 WORDS. (3X20=60)

8. Explain how Keynes theory of employment is superior to the classical theory of employment?
9. Critically examine the permanent income hypothesis.
10. Explain the impact of investment on business cycles.
11. Explain the tradeoff between unemployment and inflation.
12. Explain Sticky price model of Aggregate Supply.
