

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

**SUBJECT CODE: 11EC/PC/MA34**

**M.A. DEGREE EXAMINATION NOVEMBER 2013**  
**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 classical theory of employment. What are the criticisms raised by J.M. Keynes?
2. Define the phrase 'Inter Temporal Choice'.
3. Explain the permanent income hypothesis of consumption. Explain its weakness.
4. Explain relative income hypothesis of consumption behaviour.
5. What is the Worker's misperception model?
6. Explain Keynes's theory of involuntary unemployment.
7. Explain Imperfect information Model.

**SECTION – B**

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

8. Examine critically the Life Cycle Consumption Hypothesis.
9. What do you understand by Investment function? Explain the factors that influence the level of investment in the economy.
10. What is meant by disguised unemployment? How can the problem of disguised unemployment in developing countries be solved?
11. Examine critically the sticky wage model.
12. Critically evaluate the Phillips curve. What are the policy implications of this analysis?

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