

**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 2014**  
**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 Keynesian assumptions and the scope of its application to the developing countries.
2. Explain the Permanent Income Hypothesis and its important implications.
3. What are the different types of Investment?
4. Analyse the reasons for holding inventories.
5. Explain Frictional and Structural Unemployment and its Causative Factors.
6. Discuss the Theory of Structural Inflation.
7. Explain the shape of Short Run and Long Run Aggregate Supply Curves and their implications.

**SECTION – B**

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

8. Explain the Classical Theory of Employment and its assumptions. On what grounds Keynes criticizes it.
9. Discuss the Life Cycle Hypothesis and summarize its basic propositions.
10. What is Acceleration principle? What are its significance and limitations?
11. Discuss the theory of Phillips Curve and its policy implications.
12. Explain elaborately Sticky-Wage Model.

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