

STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI – 86
(For Candidates admitted during the academic year 2009-2010)

SUBJECT CODE: EC/PC/MA34

M.A. DEGREE EXAMINATION NOVEMBER 2010
BRANCH III – ECONOMICS
THIRD SEMESTER

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

MAX.MARKS : 100

SECTION – A

ANSWER ANY FIVE QUESTIONS. EACH ANSWER NOT TO EXCEED 300 WORDS. (5 X 8 = 40)

1. Explain the Say's Proposition and its implications.
2. Bring out the importance of the concept of 'Effective Demand'.
3. Explain the differences between short-run and long-run behaviour of the consumption function.
4. Write a note on a) Autonomous Investment b) Induced investment.
5. What are the three sources of funds available to firms for investment?
6. Write a short note on a) Structural unemployment b) Frictional Unemployment
7. How does the Philip's Curve explain the trade off between unemployment and Inflation?

SECTION – B

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

8. Why did classical economists assume that in a competitive economy full employment will be automatic? On what grounds did Keynes question this assumption.
9. Examine the effectiveness of Monetary and Fiscal Policies in terms of IS – LM functions.
10. Critically examine Relative Income hypothesis.
11. Examine in detail the accelerator theory of Investment.
12. Critically examine the Menu Cost hypothesis of Sticky Nominal Prices.
