

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 2015
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 role of money in the classical system.
2. Explain the essential elements of the life cycle hypothesis of consumer behaviour.
3. Write a short note about “Residential Investment”.
4. Write a note on ‘Intertemporal Choice’.
5. Discuss the sticky wage model of Aggregate Supply.
6. Explain the Keynesian theory of interest rate determination. What differences do you see between this theory and the classical theory of interest rate?
7. Discuss the ‘Absolute Income Hypothesis’ of consumption.

SECTION – B

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

8. Within the IS – LM curve model, show how income and the interest rate are affected by as increase in government spending and increase in taxes.
9. Critically analyze the Permanent Income Hypothesis.
10. Explain the relationship between output and investment implied by the accelerator theory.
11. What is the Keynesian view of the Phillips Curve, and how does it differ from the natural rate view?
12. Critically evaluate the sticky price model of aggregate supply.
