



Econ.2103

**KERALA AGRICULTURAL UNIVERSITY**  
**B.Sc. (Hons.) C & B 2016 Admission**  
**III Semester Final Examination January-2018**  
**Macro Economics (2+1)**

**Marks: 50**  
**Time: 2 hours**  
**(10x1=10)**

**I Define the following**

- 1 GNP
- 2 Near money
- 3 Involuntary unemployment
- 4 Multiplier
- 5 MEC
- 6 Autonomous investment
- 7 Positive Economics
- 8 Cost push inflation
- 9 Inflation
- 10 Fiscal policy

**II Write short notes on any FIVE of the following**

**(5x2=10)**

- 1 What are the objectives of Monetary Policy?
- 2 What is New Welfare Economics?
- 3 If the MPC of a community is equal to  $2/3$ , find out the size of the multiplier?
- 4 Write a note on balanced budget multiplier.
- 5 What are the factors determining money supply?
- 6 What are the motives behind liquidity preference for money?
- 7 Explain Philips Curve.

**III Answer any FIVE of the following**

**(5x4=20)**

- 1 What are the leakages of multiplier?
- 2 What is consumption function puzzle?
- 3 Explain the Fundamental Psychological Law of Consumption.
- 4 Briefly explain the different methods of measuring National Income.
- 5 Define Effective demand. How does this determine the level of employment in the country?
- 6 Explain the role of Finance Commission in India.
- 7 Explain Keynesian Liquidity preference theory of interest.

**IV Write essay on any ONE of the following**

**(1x10=10)**

- 1 What are the main causes of inflation? Which policies of government has helped to check rise in prices in India.
- 2 Explain the life cycle hypothesis of consumption compare the major differences of their hypothesis with the permanent income hypothesis of consumption.

\*\*\*\*\*