



**KERALA AGRICULTURAL UNIVERSITY**  
**B.Sc. (Hons.) C & B 2017 Admission**  
**III Semester Final Examination- January-2019**

**Econ.2103**

**Macro Economics (2+1)**

**Marks: 50**  
**Time: 2 hours**

**Fill in the blanks**

**(10x1=10)**

- 1 The ratio of change in investment to the change in income is called-----
- 2 Lower turning point in a business cycle refers to -----
- 3 The life cycle hypothesis is propounded by-----
- 4 Interaction of the multiplier and acceleration is known as -----
- 5 When the intrinsic value of money and its face value are equal, it is called-----
- 6 Income tax collection is a part of ----- budget.
- 7 Inflation of around 3% increase in price level per year is called----- inflation.
- 8 How much tax can be raised by government without approval of parliament -----
- 9 GDP= GNP minus -----
- 10 Who scientifically estimated for the first time the national income of India?

**Write Short notes on ANY FIVE of the following**

**(5x2=10)**

- 1 Important macroeconomic variables.
- 2 Neutral money
- 3 Involuntary unemployment.
- 4 Keynes' Psychological Law of Consumption.
- 5 Distinguish between  $GNP_{FC}$  and actual  $GNP_{MP}$ .
- 6 Accounting equality between saving and investment.
- 7 Assumptions of Say's Law of market.

**over ANY FIVE of the following**

**(5x4=20)**

- 1 Analyse the limitations of macroeconomics.
- 2 Describe the **threemotives** based on which demand for liquidity is determined.
- 3 Concept of Marginal efficiency of investment.
- 4 Difficulties in the measurement of National income.
- 5 Social welfare function.
- 6 Criticise Say's law.
- 7 Demonstration effect

**Write an essay on ANY ONE of the following**

**(1x10=10)**

- 1 Critically examine the transaction approach to the Quantity Theory of Money.
- 2 Discuss the importance, major objectives and limitations of fiscal policy.

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