



Name:

Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2022

Course: BAPPA
Program: Macroeconomics
Course Code: ECON 1022

Semester: II
Time: 03 hrs.
Max. Marks: 100

Instructions: Attempt all the questions.

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	If the working hours increases, ceteris paribus, then the economy GDP would- (a) Increase. (b) Decrease. (c) Remain constant. (d) Uncertain.	2	CO1
Q 2	Real GDP increases- (a) When there is an increase in the price level. (b) When there is an increase in the output of goods and services. (c) When there is an increase in the population. (d) At a constant rate over time.	2	CO1
Q 3	Many workers have lost their jobs due to installation of computers, which they do not know how to operate. This has caused- (a) Frictional unemployment. (b) Structural unemployment. (c) Voluntary unemployment. (d) Cyclical unemployment.	2	CO1
Q 4	The natural rate of unemployment equals the sum of those who are- (a) Frictionally and structurally unemployed. (b) Frictionally and cyclically unemployed. (c) Structurally and cyclically unemployed. (d) Frictionally, structurally, and cyclically unemployed.	2	CO1
Q 5	By definition, the marginal propensity to consume- (a) Equals $\Delta c/\Delta Y_d$. (b) Is the coefficient b in the equation $C = a + bY_d$. (c) Is the slope of the consumption function. (d) All of the above.	2	CO1

Q 6	Cost-push inflation could arise due to- (a) Oil price hike. (b) Increased dearness allowance. (c) Tight monetary policy. (d) all of the above.	2	CO1
Q 7	Which of the following theories did David Ricardo propose? - (a) Theory of differences in labor productivity. (b) Theory of differences in climate and resources. (c) Theory of random components determining the pattern of trade. (d) Theory of differences in factor endowments.	2	CO1
Q 8	On the balance-of-payments statements, merchandise imports are classified in the- (a) Current account. (b) Capital account. (c) Unilateral transfer account. (d) Official settlements account.	2	CO1
Q 9	In a country's balance of payments, which of the following transactions are debits? - (a) Domestic bank balances owned by foreigners are decreased. (b) Foreign bank balances owned by domestic residents are decreased. (c) Assets owned by domestic residents are sold to nonresidents. (d) Securities are sold by domestic residents to nonresidents.	2	CO1
Q 10	Outsourcing refers to the case in which- (a) firm exports out of a country rather than selling products within a country. (b) a firm imports into a country rather than buying products from within a domestic country. (c) consumers find out the source of where production occurs. (d) a firm moves part of its business operations out of the domestic country.	2	CO1

SECTION B

4Qx5M= 20 Marks

Q 11	GDP is misleading measure of material well-being. Is this true? How?	5	CO2
Q 12	What is meant by disguised unemployment? How can the problem of disguised unemployment in developing countries be solved?	5	CO2
Q 13	Describe the structural change and stabilization process of Economic Reforms	5	CO2
Q 14	Balance of payments must always balance. Is it true? Explain.	5	CO2

SECTION-C
3Qx10M=30 Marks

Q 15	Inflation may originate because of cost-push but it cannot be sustained for long unless it is supported by demand-pull inflation. Explain it.	10	CO3
Q 16	What do you mean by multiplier? Why its value should always lie between 0 and 1 ($1 > k < 0$).	10	CO3
Q 17	Is it true that Ricardian theory of comparative cost always leads to complete specialization?	10	CO3

SECTION-D
2Qx15M= 30 Marks

Q 18	<p>Suppose there are two Countries, A and B which produce two commodities, X and Y. The productivity of labour per unit in terms of the two goods in these countries is given as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Country</th> <th>Commodity X</th> <th>Commodity Y</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">40</td> <td style="text-align: center;">80</td> </tr> <tr> <td style="text-align: center;">B</td> <td style="text-align: center;">60</td> <td style="text-align: center;">90</td> </tr> </tbody> </table> <p>Which country should specialize in what commodity? Will specialization and trade be gainful for both the countries?</p>	Country	Commodity X	Commodity Y	A	40	80	B	60	90	15	CO4
Country	Commodity X	Commodity Y										
A	40	80										
B	60	90										
Q 19	<p>Which of the following situations correspond to cyclical unemployment, structural unemployment, frictional unemployment and exit from the labour force, and why?</p> <p>(a) Some of your friends just graduated from college and have been looking for jobs for the past five weeks.</p> <p>(b) Jaya lost her job as a biologist at a biotech company when the whole industry went into recession.</p> <p>(c) Mukesh, who used to be a taxi driver, stopped looking for a job three months after he lost his job.</p> <p>(d) Suresh has been working as a craftsman making cotton dolls. Now all kids want plastic dolls, and Suresh has been out of a job for the past six months.</p> <p>(e) Aditi, a high-tech engineer, just decided to quit her job in a start-up in Bangalore; she is being interviewed for a better-paid job in a multinational company.</p>	15	CO4									