Name: **Enrolment No:**	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May-23

Course: Macroeconomics **Semester: II**
Program: BA, Public Policy (Hons.) **Course code: ECON1022**
Time: 03 Hours **Max. Marks: 100**

SECTION A

1. Each Question will carry 2 Marks

		CO
Q1	Write short notes on the following: a. Aggregate Demand b. Aggregate Supply c. Investment Function d. Net Factor Income from Abroad e. Net Indirect Taxes f. Depreciation g. Inflation h. Business Cycle i. Okun's Law j. Natural Rate of Unemployment	**CO1**

SECTION B

1. Each question will carry 5 marks
2. Instruction: Write short / brief notes

Q2.	List the four components of total spending/expenditure? Why are imports subtracted when GDP is calculated in the expenditure approach?	**CO2**
Q3.	Is Gross Domestic Product same as National Income? Why/Why not?	**CO2**
Q4.	What are the different functions of money? Why is money supply constant?	**CO2**
Q5.	Define full-employment output. How is full-employment output affected by an increase in labor supply?	**CO2**

SECTION-C

1. Each Question carries 10 Marks.
2. Instruction: Write long answer

Q 6.	Consider the following Macroeconomic model. Find the equilibrium level of income Y $$Y = C + I + G$$ $$C = 500 + 0.5Y$$ $$I = 400$$ $$G = 200$$ where Y represents income, C is personal consumption, I is private investment and G is government expenditure	**CO3**
Q7.	Given $C = 100 + 0.5Y$, $I = Rs.\ 300.$ *Find* (a) Saving Function (S). (Use $Y = C + I$) (b) Value of Expenditure Multiplier.	**CO3**

(c) Whether I is induced or autonomous?
(d) If consumption changes by Rs. 1, find the change in equilibrium income.

Q8. Complete the following table by filling in the missing cells. **CO3**

Year	Real GDP	Nominal GDP	GDP Deflator
1	8,000	4000	----------
2	12,000	----------	150
3	----------	12,600	180
4	----------	24,000	300
5	20,000	---------	560

SECTION-D

1. Each Question carries 15 Marks.
2. Instruction: Write long answer

Q9. What relationship does LM curve capture? Derive LM curve graphically and show that why it slopes as it does. Give two examples of changes in the economy that would cause LM curve to shift down and to the left. **CO4**

Q10 Find an equation for IS when $C = 40 + 0.80Y$ and investment spending is $I = 70 - 2i$. Plot the IS equation. What happens to an IS equation when there is a change in autonomous spending? **CO4**