

Name:
Enrolment No:



UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

Online End Semester Examination, May/June 2021

**Program: BA (Economics) Hons.
Course: Macroeconomics-I
Course Code: ECON 1003**

**Semester: II
Max. Marks: 100
Duration: 3 Hours**

SECTION A

- 1. Each Question will carry 5 marks.**
- 2. Attempt all the questions. Write very short answer.**

S. No	Question	COs
1.	Differentiate between personal income and national income.	CO2
2.	What is meant by withdrawals and injections in national income accounting?	CO1
3.	Why the value of marginal propensity to consume should always be greater than zero and less than one?	CO2
4.	Distinguish between autonomous investment and induced investment.	CO2
5.	What is natural rate of unemployment?	CO1
6.	How does the study of macroeconomics help to analyse the economic phenomenon in holistic way?	CO2

SECTION B

- 1. Each Question will carry 10 marks.**
- 2. Attempt all the questions. Write short answer.**

7.	Explain Keynes' psychological law of consumption. Explain its importance in the determination of income and employment in the economy.	CO3
8.	What is saving function? Derive a saving function from the consumption function, $C = a + bY$.	CO2
9.	What is involuntary unemployment? Why did classical economists believe that involuntary unemployment cannot exist in a free market economy?	CO2
10.	Explain Keynes' theory of employment. How does it differ from classical theory?	CO4
11.	Distinguish between demand-pull inflation and cost-push inflation. How are they often intertwined?	CO2

SECTION C

- 1. Each Question will carry 20 marks.**
- 2. Write long answer.**

12.	Discuss the causes of unemployment and underemployment in developing countries like India. What policy measures would you suggest to solve the unemployment problem in these countries?	CO4
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