UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, 2020

Course:	Macroeconomics II	Semester: II
Program:	BA (Hons.) Economics	Time: 3 Hrs.
Course code:	ECON 1008	Max. Marks: 100

SECTION A

1. Each Question will carry 5 Marks
2. Instruction: Select the correct answer(s)

Q1	The IS curve (or schedule) shows combinations of interest rates and levels of output such that planned spending equals_____. a. income c. consumption b. Savings d. investment	**[5]**	**CO1**
Q2	The smaller the sensitivity of investment spending to_____, the steeper the IS curve. a. the interest rate and the smaller the multiplier b. the interest rate and the larger the multiplier c. the saving rate and the smaller the multiplier d. the consumption and the smaller the multiplier.	**[5]**	**CO1**
Q3	The demand for real balances depends on_____. a. the level of real income and the interest rate c. the level of nominal income and the interest rate b. the level of real savings and the interest rate d. the level of real income and the saving rate	**[5]**	**CO1**
Q4	The fiscal policy multiplier shows how much an increase in _____changes the equilibrium level of income, holding the _____constant. a. government spending; real money supply c. private spending; nominal money supply b. government spending; nominal money demand d. government transfer; real money supply	**[5]**	**CO1**

Q5	According to Samuelson and Solow, policymakers face a trade-off between_____, and the Phillips curve illustrates that trade-off. a. inflation and unemployment c. recession and unemployment b. inflation and deflation d. inflation and price level	**[5]**	**CO1**
Q6	Natural unemployment reflects the number of people that are unemployed due to the structure of the labor force such as those replaced by_____. a. technology or those who lack certain skills to gain employment c. policy or regulation b. natural environment or physical market d. technology or efficiency of labor	**[5]**	**CO1**

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SECTION B
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1. Each question will carry 10 marks
2. Instruction: Write short / brief notes

Q7.	Write short notes on any four of the following terms a) Autonomous Spending b) Equilibrium Output	**[10]**	**CO2**
Q8.	Write short notes on any four of the following terms a) Phillips curve b) Marginal Propensity to Save	**[10]**	**CO2**
Q9	Explain and illustrate the goods market is in equilibrium with the help of IS curve.	**[10]**	**CO2**
Q10.	Describe critically Schumpeterian Theory of Business Cycle.	**[10]**	**CO3**
Q11.	Examine critically multiplier-accelerator interaction model.	**[10]**	**CO3**

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Section C
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1. Each Question carries 20 Marks.
2. Instruction: Write long answer.

Q12.	Describe critically open economy IS-LM model with diagrams.	**[20]**	**CO4**