

Name:	
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2018

Course: Macroeconomics I CC: Econ 1003 Semester: I

Programme: BA (EE) H

Time: 03 hrs.

Max. Marks: 100

Instructions:

- a) There are four sections. All sections are Compulsory.
- b) Use hypothetical examples and graphs wherever necessary.

SECTION A

S. No.	Statement of question: True and false	Marks	CO
a.	With the addition of the government sector, the multiplier increases	2	CO1C O3
b.	With the anticipation of booming stock market, the demand for money increases	2	CO1
c.	In monetized deficit, the interest rate decreases.	2	CO1
d.	With invention in financial sector, the demand for money will increases.	2	CO1
e.	To bring back the economy at equilibrium from recession, the leakages should be less than injections .	2	CO1, CO2

SECTION B

Q	Statement of question: Short Questions . Explain the following concepts	Marks	CO
a.	Monetized deficit	6	CO1,2, 3
b.	M3	6	CO1
c.	Cash Reserve Ratio	6	CO1,4
d.	Demand for money	6	CO1,C O4

e.	Crowding- in effect	6	CO1,C O4
SECTION-C			
Q	Statement of question: Analytical Questions		
a.	<p>The difference between the classical views and Keynesian views about the equilibrium level of income in the economy? Calculate the equilibrium income with the help of below given information.</p> <p>Autonomous Consumption =600, c=0.8, t=0.2, R= 500, I= 600</p>	15	CO1,3
b.	The rupee is depreciating and hovering at around Rs. 73 . How would it impact the international trade and the Indian economy?	15	CO1,C O2
SECTION-D			
Q	Statement of question: Long Question		
a.	<p>Critically explain the fractional reserve banking. How does it help in creating money supply in the economy? Explain with the help of balance sheets of the banks. What are the methods available with the central bank to increase the money supply in the economy? Critically discuss.</p>	30	CO1,4