REG.NO.: 23BCI0071

VIT

Vellore Institute of Technology

SCHOOL OF SOCIAL SCIENCES AND LANGUAGES

CONTINUOUS ASSESSMENT TEST - II

FALL SEMESTER 2024-2025

SLOT: F1+TF1

Programme Name & Branch	: B.TECH (SCOPE)
Course Code and Course Name	: BHUM104L / MACROECONOMICS
Faculty Name(s)	: Dr. N. SAVITHA
Class Number(s)	: VL2024250104402
Date of Examination	: 18-10-2024 Time: 2 pm to 3.30 pm
Exam Duration	: 90 minutes Maximum Marks: 50

General instruction(s):

- Answer All Questions
- M - Max mark; CO – Course Outcome; BL – Blooms Taxonomy Level (1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyse, 5 – Evaluate, 6 – Create)
- Course Outcomes
  - CO2 - Compute different measures of macroeconomic activity such as the national income.
  - CO3 - Explain the general principles of consumption function and Investment function.
  - CO4 - Develop the skills to use theories of multiplier and accelerator models to analyze everyday problems in real world situations and evaluate economic policies.

Q. No	Question	M	CO	BL
1.	Discuss the under employment equilibrium in the economy.	10	2	4
2.	Derive a saving function from the consumption function $C = a + bY$ and show that the sum of APC and APS is equal to one.	10	3	2
3.	Explain the relationship between the Marginal efficiency of Capital and interest.	10	3	2
4.	a) How the investment multiplier is related to marginal propensity to consume? b) What increase in investment is needed to raise income by Rs.6,000 crores, if MPC is 0.75? How much will there be increase in consumption and saving due to this increase in income?	5+5	4	2
5.	Discuss the view that investment spending depends on change in the level of income with proper illustration.	10	4	4

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