**SUBJECTIVE QUESTIONS**

1. Based on the plot of GDP v/s time you obtained from the dataset, you can observe how there are sudden drops in the value of GDP at certain years. Do some research and try to figure out the reason (the event) that caused this drop to occur.

* *When demand peaks and starts to decline, the excessive supply of goods and services that aren't consumed can lead to a recession, with companies producing less and downsizing while people lose purchasing power and consumption continues to fall.*
* *In recent years, recessions have become less frequent and don't last as long.*
* *The declines in economic output and employment that recessions cause can become self-perpetuating. For example, declining consumer demand can prompt companies to lay off staff, which affects consumer spending power, which can further weaken consumer demand.*
* *Numerous economic theories attempt to explain why and how an economy goes into recession. These theories can be broadly categorised as economic, financial, psychological, or a combination of these factors.*
* *Some economists focus on economic changes, including structural shifts in industries, as most important. For example, a sharp, sustained surge in oil prices can raise costs across the economy, leading to recession.*
* *Some theories say financial factors cause recessions. These theories focus on credit growth and the accumulation of financial risks during good economic times, the* [*contraction of credit and money supply*](https://www.investopedia.com/terms/c/contractionary-policy.asp) *when recession starts, or both.* [*Monetarism*](https://www.investopedia.com/terms/m/monetarism.asp)*, which says recessions are caused by insufficient growth in money supply, is a good example of this type of theory.*

1. Is your predicted value higher or lower than the previous year’s GDP. You must have heard of an incoming recession. Is your calculated value in touch with the real expected value. Justify.

* *Lower*
* *Yes*
* *We are fitting our model to the real scenario, so calculated values will be close to real expected values. Further, if we made some crude assumptions, the predicted model will be very less likely equivalent to the actual model so in that case we might not get closer values.*

**NOTE: Deadline for submission is 13th April, 10 AM**