

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,**  
**Vidyavihar, Mumbai- 400077**

**Program: PGDM RM (Batch2018-20), Tri. - II**  
**Subject: Macro Economics**  
**(End term Examination)**

**Maximum Marks: 50**

**Duration: 3hours**

**Date: 10<sup>th</sup> Jan, 2019**

**Instructions: Attempt any 5 questions. Each question carries 10 marks.**

**Q 1:** Explain the following in detail (any two):

- a) The circular flow of national income in open economy.
- b) Philips Curve
- c) Disequilibrium in Balance of Payment
- d) Different phases of business cycles
- e) Consumption Function

**Q 2:** What do the aggregate supply and aggregate demand curves describe? How does the Keynesian aggregate supply curve differ from the classical one?

**Or**

Explain the macroeconomic environment in India. Do the SWOT analysis of Indian economy. How do you see Indian economy in next 10 years?

**Q 3:** What are the factors of inflation? Differentiate between Demand pull and Cost push inflation. Explain the impact of inflation in detail.

**Q 4:** Growth vs jobs creation is a serious issue in Indian economy. Explain the causes of unemployment in India? Give suggestion to create more jobs.

**Q 5:** Discuss the inflation targeting in monetary policy of RBI. Explain the tools of monetary policy in detail.

**Q 6:** Explain how an initial change in spending ( $C$ ,  $I_G$ ,  $G$ ,  $X_N$ ) causes a larger change in aggregate demand ( $AD$ ) due to working of multipliers using following information.

Assume that the Indians spend 80% of their disposable income. Furthermore, assume that the Indian government increases its spending by Rs. 100 crores and in order to maintain a balanced budget simultaneously increases taxes by Rs. 100 crores. Calculate the effect of change in both on Indian Aggregate Demand.

- Q 7:** a) Explain the factors leading to rupee depreciation and its impact on economy.  
b) Differentiate between fixed and flexible exchange rates

- Q 8:** Attempt any two of the following:
- a) Real and Nominal GDP
  - b) Fiscal deficit in India
  - c) Equilibrium in Goods and money market
  - d) Role of FDI in the Indian economy

-----End of Paper-----