

Trimester: Jan - April 2024
Examination: End term Examination

Program code: 01 Program: MBA	Class: SY	Trimester: VI (SVU 2024)
Name of the Constituent College: K. J. Somaiya Institute of Management	Name of the department/Section/Center: Economics	
Course Code: 217P01M604	Name of the Course: Indian Economy	

Maximum Marks: 50
Duration: 3 hrs

Date: 01.04.2024

Instructions: - Attempt all questions

Question No.		Max. Marks																																																																																			
Q 1	<p>The Reserve Bank of India (RBI) released preliminary data on India's Balance of Payments (BoP) for the second quarter (Q2) of the fiscal year 2023–24, which spans out from July and September. The data reveals significant shifts and trends in India's economic standing on the international stage. Discuss the BoP statement, trends in the current account, capital account, reserves and their implication on India's international position and the currency value.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="7" style="text-align: center;">Major Items of India's Balance of Payments (US\$ Billion)</th> </tr> <tr> <th rowspan="2"></th> <th colspan="3" style="text-align: center;">July-September 2023 P</th> <th colspan="3" style="text-align: center;">July-September 2022</th> </tr> <tr> <th style="text-align: center;">Credit</th> <th style="text-align: center;">Debit</th> <th style="text-align: center;">Net</th> <th style="text-align: center;">Credit</th> <th style="text-align: center;">Debit</th> <th style="text-align: center;">Net</th> </tr> </thead> <tbody> <tr> <td>A. Current Account</td> <td style="text-align: right;">231.6</td> <td style="text-align: right;">239.9</td> <td style="text-align: right;">-8.3</td> <td style="text-align: right;">225.3</td> <td style="text-align: right;">256.2</td> <td style="text-align: right;">-30.9</td> </tr> <tr> <td>1. Goods</td> <td style="text-align: right;">108.5</td> <td style="text-align: right;">169.5</td> <td style="text-align: right;">-61</td> <td style="text-align: right;">111.9</td> <td style="text-align: right;">190.2</td> <td style="text-align: right;">-78.3</td> </tr> <tr> <td style="padding-left: 20px;">Of which: POL</td> <td style="text-align: right;">22.8</td> <td style="text-align: right;">40.8</td> <td style="text-align: right;">-17.9</td> <td style="text-align: right;">23.9</td> <td style="text-align: right;">53.4</td> <td style="text-align: right;">-29.5</td> </tr> <tr> <td>2. Services</td> <td style="text-align: right;">83.4</td> <td style="text-align: right;">43.4</td> <td style="text-align: right;">40</td> <td style="text-align: right;">80</td> <td style="text-align: right;">45.6</td> <td style="text-align: right;">34.4</td> </tr> <tr> <td>3. Primary Income</td> <td style="text-align: right;">11.6</td> <td style="text-align: right;">23.8</td> <td style="text-align: right;">-12.2</td> <td style="text-align: right;">6</td> <td style="text-align: right;">17.8</td> <td style="text-align: right;">-11.8</td> </tr> <tr> <td>4. Secondary Income</td> <td style="text-align: right;">28.1</td> <td style="text-align: right;">3.2</td> <td style="text-align: right;">25</td> <td style="text-align: right;">27.5</td> <td style="text-align: right;">2.7</td> <td style="text-align: right;">24.8</td> </tr> <tr> <td>B. Capital Account and Financial Account</td> <td style="text-align: right;">202.5</td> <td style="text-align: right;">195.1</td> <td style="text-align: right;">7.5</td> <td style="text-align: right;">180.3</td> <td style="text-align: right;">148.5</td> <td style="text-align: right;">31.8</td> </tr> <tr> <td style="padding-left: 20px;">Of which: Change in Reserves [Increase (-)/Decrease (+)]</td> <td style="text-align: right;">0</td> <td style="text-align: right;">2.5</td> <td style="text-align: right;">-2.5</td> <td style="text-align: right;">30.4</td> <td style="text-align: right;">0</td> <td style="text-align: right;">30.4</td> </tr> <tr> <td>C. Errors & Omissions (-) (A+B)</td> <td style="text-align: right;">0.8</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0.8</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0.9</td> <td style="text-align: right;">-0.9</td> </tr> </tbody> </table> <p>P: Preliminary. Note: Total of sub-components may not tally with the aggregate due to rounding off.</p>	Major Items of India's Balance of Payments (US\$ Billion)								July-September 2023 P			July-September 2022			Credit	Debit	Net	Credit	Debit	Net	A. Current Account	231.6	239.9	-8.3	225.3	256.2	-30.9	1. Goods	108.5	169.5	-61	111.9	190.2	-78.3	Of which: POL	22.8	40.8	-17.9	23.9	53.4	-29.5	2. Services	83.4	43.4	40	80	45.6	34.4	3. Primary Income	11.6	23.8	-12.2	6	17.8	-11.8	4. Secondary Income	28.1	3.2	25	27.5	2.7	24.8	B. Capital Account and Financial Account	202.5	195.1	7.5	180.3	148.5	31.8	Of which: Change in Reserves [Increase (-)/Decrease (+)]	0	2.5	-2.5	30.4	0	30.4	C. Errors & Omissions (-) (A+B)	0.8	0	0.8	0	0.9	-0.9	10
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Q 2	India's GDP recorded 8.4 percent growth in the third quarter of FY23-24. What were the drivers of the growth? Discuss the sectoral growth and the expenditure pattern of the Indian Economy during this quarter. (Refer to the table extracted from the press release).	10
Q 3	India's retail inflation eased marginally to 5.09 percent on an annual basis in February as against 5.10 percent in the previous month. The number has remained within the Reserve Bank of India's (RBI) tolerance band of 2-6 percent. (Source: Economic Times, March 12, 2024) Given the above statement, what should be the stance of RBI in the next monetary policy action? Justify your answer using the monetary policy transmission mechanism.	10
Q 4	Discuss the current status of the fiscal deficit in India. What are the positive and negative aspects of fiscal deficit?	10
Q 5	India's HDI increased to 0.644 in 2022. Discuss the indicators that led to the improvement in the HDI. What are your views on this progress?	10