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| **Semester: Nov 2024**  **Maximum Marks: 50 Examination: End Sem Exam Date:17/11/2024 Duration:2.5hrs** | | |
| **Programme code:18.**  **Programme: MBA for Working Executive** (program code-18) | **Class:** FY | **Semester/Trimester: II**  **Batch 2 (2024-25)** |
| **College:**  **K. J. Somaiya Institute of Management** | **Name of the department/Section/Center:**  Centre for Executive Education | |
| **Course Code: 117P18C207** | **Name of the Course:** Macro Economics | |
| **Instructions: Attempt any five of the following questions.** | | |

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| **Question No.**  **1 a.**  **1b**. | Will the following be included in National Income? Give reasons  (*i*) Transfer Payments by the government to individuals in a year  (*ii*) Imputed rent of self-occupied houses  (*iii*) Hawala money  (*iv*) Windfall gains  (*v*) The receipts from the sale of second-hand goods.  What are the difficulties in the measurement of National Income? | **Max.**  **Marks**  **5 Marks**  **5 Marks** |
| **2 a**  **2b** | What is consumption function? Explain the objective and subjective factors which determine consumption expenditure in the economy.  What is the effect of a balanced budget (*i.e*., increasing government expenditure matched by increase in equal amount of taxes) on national income, real interest rate and investment? | **5 Marks**  **5 Marks** |
| **3a.**  **3b.** | What are the factors leading to an upward shift in the Aggregate demand curve?  How does the aggregate supply curve behave differently in the classical and Keynesian sense? Give reasons. | **5 Marks**  **5 Marks** |
| **4a.**  **4b.** | Examine the impact of inflation on (a) Wealth Holders of Cash, Bonds and Debentures (b) Producers and Traders  What are the social costs and effects of inflation? | **5 Marks**  **5 Marks** |
| **5.** | What is non-discretionary fiscal policy also known as automatic stabilisers? Explain the role of fiscal policy in overcoming inflation and in achieving economic stability at full-employment level.  Or  Define the Balance of Payments and explain the main components of the current account, capital account, and financial account. Suppose a country has been experiencing a persistent current account deficit, how it will impact the domestic currency. | **10 Marks** |
| **6.** | “Monetary policy for its success depends on fiscal policy.” Explain and critically examine this statement.  Or   1. Define monetary policy and explain its primary objectives. How does monetary policy differ from fiscal policy in terms of tools and impact? 2. Explain the specific measures the central bank would take as part of an expansionary policy by discussing the key instruments of monetary policy used by central banks. | **10 Marks** |
| **7.**  **a.**  **b.**  **c.**  **d.** | Write short notes on **any two** of the following  Factors determining investment demand  Increase in government expenditure, especially financed by borrowing from the open market, crowds out private investment. Discuss  Business Cycle  Human Development Index | **10 Marks** |