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| **Trimester: Jan - April 2025**  **Examination: End term Examination** | | |
| **Program code: 01**  **Program: MBA** | **Class: SY MBA** | **Trimester: VI**  **(SVU 2025)** |
| **Name of the Constituent College:**  **K. J. Somaiya Institute of Management** | **Name of the department/Section/Center: Economics** | |
| **Course Code: 217P01M630** | **Name of the Course: Indian Economy** | |

**Maximum Marks: 50 Date: 05.04.2025**

**Duration: 3 hrs**

**Instructions: - Attempt all questions**

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| **Question No.** |  | **Max.**  **Marks** |
| **Q 1** | Evaluate the key drivers of national income growth in India for the financial year 2024-25. In your analysis, consider domestic factors such as consumption, investment, government spending, and net exports, as well as external factors like global trade conditions and geopolitical risks. Additionally, identify and discuss at least three major challenges India is likely to face in sustaining high growth rates in the medium term. | 10 |
| **Q 2** | Analyze the key priorities and challenges for India’s fiscal policy in the financial year 2025-26. In your answer, discuss the expected fiscal stance (expansionary, contractionary, or neutral), the projected fiscal deficit, and the balance between revenue generation and expenditure allocation. How should the government approach issues like infrastructure spending, social sector investments, subsidies, and fiscal consolidation?  Furthermore, assess the potential impact of fiscal policy decisions on inflation, public debt, and long-term growth. Provide recommendations for balancing short-term needs with long-term fiscal sustainability, drawing on recent economic data, government budget statements, and policy initiatives. | 10 |
| **Q 3** | Analyze how persistent inflation can affect the economic growth trajectory of India. In your answer, consider both the short-term and long-term effects on various economic agents such as households, businesses, and the government. Additionally, discuss the role of the RBI in managing inflation, highlighting the trade-offs it faces when setting interest rates in the context of India's broader economic goals (e.g., growth, employment, and financial stability). Use recent examples or data trends from the Indian economy to support your argument. | 10 |
| **Q 4** | Evaluate the key objectives and challenges of India's monetary policy for 2024-25. How should the RBI balance inflation control with promoting growth, especially in the context of global factors like US Federal Reserve actions, exchange rate movements, and capital flows?  Additionally, assess the potential impact of monetary policy decisions on sectors like banking, real estate, and manufacturing. Provide recommendations for how the RBI can ensure macroeconomic stability while supporting India's growth objectives. | 10 |
| **Q 5** | Analyze the key components of India’s Balance of Payments (BoP) for the financial year 2024-25. (Refer the Table)  Identify the major factors that are likely to impact India’s BoP in 2024-25, such as global economic conditions, commodity prices, exchange rate movements, and capital flows. What challenges might India face in maintaining a favorable BoP, and what policy measures should be prioritized by the government and the Reserve Bank of India (RBI) to manage any imbalances? | 10 |

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| **Table: Major Items of India's Balance of Payments** | | | | | | |
| (US$ billion) | | | | | | |
|  | **April – September 2023 PR** | | | **April – September 2024 P** | | |
|  | **Credit** | **Debit** | **Net** | **Credit** | **Debit** | **Net** |
| A. Current Account | 453.3 | 473.5 | -20.2 | 487.3 | 508.7 | -21.4 |
| 1. Goods | 213.2 | 334.4 | -121.2 | 215.1 | 355.6 | -140.4 |
| of which: |  |  |  |  |  |  |
| POL | 41.7 | 84 | -42.2 | 36.3 | 88.9 | -52.6 |
| 2. Services | 163.9 | 88.9 | 75.1 | 182 | 97.7 | 84.2 |
| 3. Primary Income | 20.9 | 42.8 | -21.8 | 28.8 | 49.4 | -20.7 |
| 4. Secondary Income | 55.3 | 7.5 | 47.8 | 61.5 | 5.9 | 55.5 |
| B. Capital Account and Financial Account | 387.6 | 368 | 19.7 | 572.9 | 551.6 | 21.3 |
| of which: |  |  |  |  |  |  |
| 1. Direct Investment | 35.9 | 32 | 3.9 | 45.2 | 40.7 | 4.4 |
| 2. Portfolio Investment | 201.8 | 181.1 | 20.7 | 342 | 321.2 | 20.8 |
| 3. Other Investments | 139.2 | 114.5 | 24.7 | 173 | 144 | 29 |
| of which: |  |  |  |  |  |  |
| NRI Deposits | 40.2 | 34.7 | 5.4 | 52.3 | 42.2 | 10.2 |
| ECBs to India | 17.9 | 14.1 | 3.7 | 20.8 | 14.2 | 6.7 |
| 4. Reserve Assets [Increase (-)/ Decrease (+)] | 0 | 27 | -27 | 0 | 23.8 | -23.8 |
| C. Errors & Omissions (-) (A+B) | 0.5 | 0 | 0.5 | 0.1 | 0 | 0.1 |
| PR: Partially Revised; and P: Preliminary. | | | | | | |