

**K.J. Somaiya Institute of Management Studies & Research**

**Course: PGDM – RM End Term Exam**

**Sub: Macro Economics**

Date of Exam: 26/12/2017

Time: 3 hr

Marks: 100

**Attempt any 5 questions from the remaining questions. (Each question carries 10 marks)**

Q.1 “Balance of Payments is considered as an economic barometer of a country’s health”. Discuss the statement using the structure of BOP and its importance.

Q.2 How do you derive LM curve from equilibrium on money market? What will be the impact of expansionary monetary policy on output?

Q.3 “Regulation in banking is important for financial stability and economic inclusion”. Discuss using the regulatory framework in India.

Q.4 Explain the fiscal policy measures that can be adopted by the policy makers to overcome recession. How these measures can be helpful in achieving economic stability? (Draw suitable diagram)

Q.5 Why Aggregate demand curve slopes downward? How the changes in level of price, interest rates and exchange rate affects the Aggregate Demand in an economy?

Q.6 Measuring National Income of a country is a humongous task. Explain various methods of calculating national income and the difficulties in calculating national income.

Q.7 a) Explain the concept of investment multiplier. How does it works?

b) What increase in investment is needed to raise income by Rs.4000 crores, if MPC is 0.75? How much there be increase in consumption and saving due to this increase in income? What will be the overall impact of investments in level of output? (use Aggregate demand and Aggregate supply model to answer the question. )

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