

Roll No



PRESIDENCY UNIVERSITY BENGALURU

SCHOOL OF LAW MID TERM EXAMINATION - APR 2023

Semester : Semester II - 2022 -23 - BAL - 2022

Course Code : BBA1006

Course Name : Sem II - BBA1006 - Macro Economics

Program : BA LLB Honors

Date : 17-APR-2023

Time : 9:30AM - 11:00AM

Max Marks : 50

Weightage : 30%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

ANSWER ALL THE QUESTIONS

(5 X 10 = 50M)

1. Measuring real GDP holds prices constant or adjusts the value of the nation's output to higher or lower prices that may have prevailed from earlier years (using the GDP deflator price index). In this way, the real GDP represents the actual amount of the nation's output. The table below shows the output and the prices of Switzerland in 2017 and in 2018. Using the table,
- a) Calculate Switzerland's nominal GDP in (i) 2017 and (ii) 2018.
 - b) Calculate Switzerland's real GDP in 2018 using constant 2017 prices.
 - c) Calculate the GDP deflator price index for 2018.

Goods produced	2017 prices	2017 quantity	2018 price	2018 quantity
Chocolate	\$2	400	\$3	400
Cheese	\$6	200	\$8	200
Watches	\$8	80	\$22	100

(CO1) [Comprehension]

2. Suppose that Wisconsin economy produces just one kind of output, a bubbler. The table below gives the economy's output of bubblers and the corresponding prices for 2014, 2015, and 2016. Use these data to answer the questions below. For parts b. through d., show the details of your calculations and express your answers in percentage terms to **two** places past the decimal.

Year	Units of Bubblers Produced	Price of a Bubbler
2014	500	\$ 20
2015	520	\$ 21
2016	560	\$ 24

Calculate nominal GDP for each year. Because the structure of this economy is so simple, it is easy to calculate the GDP deflator. Calculate the GDP deflator (a type of price index) on a 100point scale for each year *using 2015 as the base year*. Then, calculate real GDP for each year.

(CO1) [Comprehension]

3. As per the United Nations Development Program report, India's HDI rank in 2022 is 132 out of 191 countries. UNDP considers education, health, and standard of living indicators to estimate HDI. As per the Indian case, life expectancy at birth is 80.115, Mean Year of Schooling is 11.619, Expected year of schooling is 13.966, and GNI is 10.262. Based on your understanding of macro aggregates, explain the following questions

a. Explain that do you support HDI over GDP?

b. Calculate HDI for India using the above statistics.

(CO1) [Comprehension]

4. Explain in detail the Assumptions of classical Theory of Employment.

(CO2) [Comprehension]

5. Distinguish between Gross Domestic Product and Human Development Index. Explain the limitations of these measures.

(CO1) [Application]