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PRESIDENCY UNIVERSITY, BENGALURU
SCHOOL OF MANAGEMENT

Weightage: 40 %

Max Marks: 100

Max Time: 3 hrs.

10 May 2018, Thursday

ENDTERM FINAL EXAMINATION MAY 2018

Even Semester 2017-18

Course: **ECO 201 Macro and
International Economics**

II Sem. MBA

Instructions:

- (i) Read the question properly and answer accordingly.
 - (ii) Question paper consists of 3 parts.
 - (iii) Scientific and Non-programmable calculators are permitted
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Part A

(5 Q x 4 M = 20 Marks)

1. What do mean by Crowding out effect?
2. Explain Phillips curve? What implication it has with inflation?
3. Define a business Cycle and explain its characteristics?
4. Explain globalization with examples? What are the elements and drivers of globalization?
5. Differentiate between fixed and flexible exchange rate?

Part B

(6 Q x 10 M = 60 Marks)

6. Explain the key provisions of the following regional economic integrations
 - a. NAFTA
 - b. Andean Pact(10 M)
7. What are the objectives of monetary policy? What is CRR? What is the effect of rise in CRR? Who decides Repo rate and what is the effect of rise in repo rate in the economy? (10 M)
8. Suppose we have an economy characterized by the following function:

$$C = 100 + 0.8Y_d$$

$$I = 100$$

$$G = 100$$

$$T = 100$$

- a. Find the equilibrium level of income?

- b. How much increase in income will take place if government expenditure on goods and services increases by Rs 60 crores?
 - c. Find the tax multiplier and balanced budget multiplier?
 - d. What is the value of Balanced Budget Multiplier? (10 M)
9. Discuss how inflation will effect on the following group of people in our economy.
- a. Variable income group and fixed income group, young and old, organized and unorganized labour, debtors and creditors.
 - b. What are the anti-inflationary measures taken by monetary and fiscal authority to control inflation in the economy. (10 M)
10. What are the components of India's BOP and discuss the corrective measures of disequilibrium situation in BOP? Explain the CAD situation of India for last 5 years. (10 M)
11. Who is the IMF chief? Recently what was the message given by IMF chief on behalf of India? What are the objectives of the IMF? Mention the three basic operations followed by IMF to fulfill these objectives? (10 M)

Part C

(1Q x 20 M = 20 Marks)

12. **Demonetisation: Success & failures**

On November 8, 2016, the Prime Minister of India, Narendra Modi announced the demonetization of all Rs.500 and Rs. 1,000 denomination banknotes of the Mahatma Gandhi Series. The demonetization announcement made the use of Rs.500 and Rs.1000 banknotes invalid past midnight of November 8. It was announced that the new Rs.500 and Rs.2000 banknotes of the Mahatma Gandhi new series would be introduced in exchange for the old banknotes.

The objective of demonetization as claimed by Government of India was to curtail the black money running as shadow economy and to stop the use of counterfeit cash to fund illegal activity and terrorism. The sudden nature of the announcement—and the prolonged cash shortages in the weeks that followed—created significant disruption throughout the economy, threatening economic output. The demonetization move was heavily criticized as poorly planned and unfair, and was met with protests, litigation, and strikes.

The announcement was sudden and unscheduled. It was a live television address at 8PM on November 8, 2016. In the days following the demonetisation, the country faced severe cash shortages with severe detrimental effects across the economy. People seeking to exchange their bank notes had to stand in lengthy queues, and several deaths were linked to the inconveniences caused due to the rush to exchange cash. As the cash shortages grew in the weeks following the move, the demonetization was heavily criticised by prominent economists and by world media

Source: <http://www.mbauniverse.com/group-discussion/topic/business-economy/demonetisation>

- a. **Discuss the merits-Demonetization which favored Economy and business in India.**
- b. **Discuss demerits-blow to economic growth and inconvenience all around the economy and business in India.**



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SCHOOL OF MANAGEMENT

Weightage: 20%

Max Marks: 60

Max Time: 2 HRS.

9 March Friday 2018

MID TERM EXAMINATION

SET B

Course: **ECO 201 Macro and International
Economics**

II Sem. MBA

Even Semester 2017-18

Instruction:

- (i) Read the question properly and answer accordingly.
 - (ii) Question paper consists of 3 parts.
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Part A

(4 Q x 5 M = 20 Marks)

1. Explain Transfer payments with example
2. Explain Total Disposable income
3. Explain the meaning of gross domestic product (GDP) and gross national product (GNP) and differentiate them
4. What is the difference between stock and flow variables? Explain with examples.

Part B

(2 Q x 10M = 20 Marks)

5. What are the schemes and policies undertaken by fiscal authority on health care, education and infrastructure development in the Union Budget of 2018
6. Discuss
 - a) Three postulates of classical theory of income and employment
 - b) Say's Law

Part C

(1Q x 20 M = 20 Marks)

7. What are the different approaches used to measure national income? How national income is measured in India.