

Student ID

Navrachana University
 School of Business and Law
 End - Semester Examination Nov, 2017
 FY MBA and FY MHRM – Semester I
 Managerial Economics – EC 109

Date: 22nd Nov, 2017
 Time: 10.30AM to 12.30PM

Marks: 40

Instructions:

- Write each answer on a new page
- Use of a calculator is permitted

Q1. Answer in Detail (Any 5)

(15 Marks)

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|---|--|--------|------|------|------|------|------|-------------|------|------|------|------|------|
| <p>1. Mr Atul's Consumption Function is given in the appended chart.</p> <p>a) Determine functional relationship between his Income, Consumption and Saving.</p> <p>b) Can his consumption be positive at Zero level of Income?</p> <p>c) Also explain, that with an increase in his Income, both his consumption and savings are increasing but in different proportion.</p> | | | | | | | | | | | | | |
| <p>2. What is CPI and determine the impact of changes in CPI (Rise and Fall) in reference to append chart.</p> | <p>SURGING TREND CPI-based inflation (% year-on-year)</p> <p>Source: Ministry of Statistics and Programme Implementation</p> | | | | | | | | | | | | |
| <p>3. Explain the impact of Leakages and Injections, In reference to the Circular Flow of Income in a four sector model for an Economy.</p> | | | | | | | | | | | | | |
| <p>4 For ABB Bank following information is available (Year 2016-17) Total Deposit Creation = Rs 25,00,000/- and Reserve Requirement is 15%, Calculate 1) Deposit Multiplier 2) Primary Deposit</p> | | | | | | | | | | | | | |
| <p>5. Calculate APC, APS, MPC and MPS from the following available data.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="padding: 2px;">Income</td> <td style="padding: 2px;">1000</td> <td style="padding: 2px;">2000</td> <td style="padding: 2px;">3000</td> <td style="padding: 2px;">4000</td> <td style="padding: 2px;">5000</td> </tr> <tr> <td style="padding: 2px;">Consumption</td> <td style="padding: 2px;">1000</td> <td style="padding: 2px;">1800</td> <td style="padding: 2px;">2500</td> <td style="padding: 2px;">3000</td> <td style="padding: 2px;">3200</td> </tr> </table> | | Income | 1000 | 2000 | 3000 | 4000 | 5000 | Consumption | 1000 | 1800 | 2500 | 3000 | 3200 |
| Income | 1000 | 2000 | 3000 | 4000 | 5000 | | | | | | | | |
| Consumption | 1000 | 1800 | 2500 | 3000 | 3200 | | | | | | | | |

6. Calculate M1 and M3 for October, 2017 using following data.

| As of October, 2017 | Billion Rupees |
|-------------------------|----------------|
| Currency with public | 13003.9 |
| Bank's Demand deposits | 8142.3 |
| Bank's Time deposits | 77963.5 |
| Other Deposits with RBI | 96.2 |
| Deposits with IMF | 250 |
| FX Reserves | 350 |

Q2. Write Short Notes (Any 5)

(15 Marks)

1. $C+I+G+(X-M)$
2. Functions of Money
3. Phillips curve
4. Nominal and Real GDP
5. Motives for Demand for Money as per Keynes
6. Personal and Disposable Income

Q3. Answer in Brief (Any 5)

(10 Marks)

1. What is the difference between Narrow Money and Broad Money?
 2. Differentiate between CPI and WPI.
 3. Differentiate between Autonomous and Derived Investment.
 4. Determine the rate of interest using demand and supply of money.
 5. Differentiate between CRR and SLR.
 6. What is Real Rate of Interest ?
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