NAVRACHANA UNIVERSITY
a UGC recognized University

School: School of Business and Law
Program/s: MBA
Year: 2nd   Semester: 2nd
Examination: End Semester Examination
Examination year: May 2023

Course Code: EC111   Course Name: **Macro and Indian Economic Policy**
Date: 17/05/23
Time: 10.00AM to 12.00PM   **Total Marks: 40**

Instructions:

→ *Write each answer on a new page.*
→ *Use of a calculator is permitted*

→ ** COs=Course Outcome mapping. # BTL=Bloom's Taxonomy Level mapping*

Q. No.	Details	Marks	COs*	BTL#
Q.1	**Answer in Detail (Any 3)** 1. Using a diagram explain the process of the Circular Flow of Income in four sector model. Explain in detail Injections and Withdrawals in the Circular Flow. 2. Why do people demand money? Draft your answer in reference to the Keynes theory on demand for money. 3. Determine the relation between Consumption and Saving with Income in reference to Consumption and Saving Function. Use appropriate diagrams for your explanation. 4. Using the concepts of Demand and Supply of Money, diagrammatically show the determination of Rate of Interest. What is Real Rate of Interest and Nominal Rate of Interest?	15	CO1 CO2 CO3	BT1, BT2
Q.2	**Differentiate Between (3 points) (Any 5)** 1. CRR and SLR 2. Repo Rate and Reverse Repo Rate 3. GDP and GNP 4. Nominal GDP and Real GDP 5. M1 and M3 6. CPI and WPI 7. Consumption and Tax Multiplier	15	CO1, CO2	BT1, BT2, BT4
Q.3	**Do as directed** 1. Banks are now required to maintain a CRR for 5.25% and SLR for 17.25%. If ICC bank has a Primary Deposit of Rs. 15,00,000/- how much can it grant as loans and advances to its customers? Why can't it extend the entire deposits in loans and advances?	10	CO4	BT3, BT4

2. Using Phillips Curve, show how the government needs to trade-off between the problem of Inflation and Unemployment

3. Consider the following information of Batra Family and answer questions given below the table

Income	8000	10000	12000	14000	16000	18000	20000	22000
Saving	- 1200	-600	0	600	1200	1800	2400	3000

   a. Calculate the Batra family's APC and MPC for each level of income.
   b. Calculate how much the Batra family spends at each level of disposable income.