

PGDM (Retail Management), Batch 2014-16

Macro Economics for Decision Making
Subject Code RM 207
Batch 2014-16
Trimester II; End Term Examination

Time allowed: 2.5 Hours

Maximum marks: 50

Roll No. _____

Instruction: Students are required to write their Roll No. on every page of the question paper, writing anything except the Roll No. will be treated as **Unfair Means**. In case of rough work please use answer sheet

Section A: Please attempt any three out of the following five questions (5 marks each)

1. Discuss the factors that affect Imports and Exports
2. What do you understand by the Value Added method and the Income method of calculating GDP?
3. Define money supply.
4. Explain importance of reserve ratio in creation of deposit in the banking system.
5. Explain how the modern banking practices got originated.

Section B: Please attempt any two out of the following three questions: (10 marks each)

1. Discuss the circular flow of expenditure and income of an economy.
2. How would GDP get impacted by a rise in wage rates and an increase in investment level?
3. While Government expenditure and Investment have the same multiplier, taxes have a different multiplier. Explain why?

Section C: Case study [15 marks]

Now that inflationary pressure in terms of wholesale price index has come down drastically from double digit level last year to 5.5 % in October, 2014 and retail price index showing hardly 1.7% inflation, what kind of policy approach you expected from RBI? Are you in agreement with RBI's attitude of not going for any changes in policy rates? Explain with support of relevant monetary theory.