

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
II TRIMESTER (Batch 2016-18)
MID TERM EXAMINATION

Course Name	Macro Economics and Business Environment	Course Code	201
Max. Time	1 hour	Max. Marks	20

INSTRUCTION: Attempt all questions

- After the People's Republic of China (PRC) was founded in 1949, China adopted the mechanism of a centralized planned economy. Now China has defined its goal of instituting a socialist market economy with Chinese characteristics in its reform and opening to the outside world. What is a socialist market economy and how is it different from the market economy of capitalist countries? (2+2)
 - Mention the sources of money supply in our country. (2)
- In a two sector Economy, the consumption function is $C = 100 + 0.80Y_d$ and investment is $I = 150$ crores. The equilibrium level of income is Rs 1250 crores. Suppose the Government Sector is added to this two sector Model, which then becomes a three sector economy. The government Expenditure is at Rs. 50 crores.

 - Find equilibrium level of income in the three sector economy? (2)
 - What is the multiplier affect ($G_M = \Delta Y / \Delta G$) of the government expenditure? (2)
 - Suppose that there is balanced budget in the entire government expenditure is financed from tax. Find the new equilibrium level of income in three sector economy. (2)
- Refer to Table 1 and answer the questions given below.

Table 1: Provisional estimates of National Income and Expenditures on GDP, 2015-16 (at 2011-12 prices, in Rupees Crore)

S.no	Item	2013-14 (2 nd RE)	2014-15 (1 st RE)	2015-16 (PE)
1	GVA at basic prices	9084369	9727490	10427191
2	Taxes on products including import duties	1025799	1108339	1190986
3	Less subsidies on products	270734.2	283678.6	267929
	GDP (1+2+3)	9839434	10552151	11350249

- What is the GVA at Basic Prices? (2)
- Does the given table show GDP measured at nominal prices or real prices? Why (2)
- Calculate NDP for year 2013-14. (2)
- How much is the Percentage Change in GDP in the year 2015-16? (2)