

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER – II - EXAMINATION – SUMMER 2022

Subject Code: 1529505**Date: 02/08/2022****Subject Name: Macro Economic Theory and Policy****Time: 10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q. No.	Question Text and Description	Marks
Q.1	Explain The following terms. (a) Philips Curve (b) Nominal Interest rate (c) GDP v/s GNP (d) CPI v/s WPI (e) GNH (f) HDI (g) Natural rate of Unemployment	14
Q.2	(a) Explain the major issues & concerns of Macro Economics. (b) Draw the short run trade - off between inflation and unemployment. Explain how the short – run and long – run trade-offs are related.	07 07
OR		
	(b) What is the relation between level of prices and the value of money? What is the effect of an increase in the money supply through monetary injection on the price level and value of money?	07
Q.3	(a) Explain the kind of Unemployments in detail. (b) When does the Phillips curve become vertical? Discuss in detail the short run trade-off between inflation and unemployment using the Phillips curve.	07 07
OR		
Q.3	(a) Explain the role of Banks in credit creation & as a money multiplier. (b) Define Aggregate Demand and Aggregate Supply. Discuss the reasons why the Aggregate Demand curve is downward sloping.	07 07
Q.4	(a) Explain the circular flow of Income with the help of diagram. (b) Explain how Monetary policy and Fiscal policy influences aggregate demand curve. Explain government purchase leads to Multiplier effect and crowding out effect.	07 07
OR		
Q.4	(a) Which are the methods of National Income measurement. Explain. (b) Define Cost of Living Index. Explain the steps in the calculation of Cost of Living Index. State the problems involved in its calculation.	07 07

Q.5

Assume following are the data of Agriculture industry of India.

Year	Price of Wheat	Quantity of Wheat	Price of Rice	Quantity of Rice
2014	Rs. 50	1000 Kgs	Rs. 40	800 Kgs
2015	Rs. 55	1500 Kgs	Rs. 44	1100 Kgs
2016	Rs. 60	2000 Kgs	Rs. 50	1500 Kgs

- (a) Calculate Nominal GDP, Real GDP, GDP Deflator. **07**
- (b) Calculate percentage change in Nominal & real GDP. In which year Indian agriculture sector doing well? **07**

OR

Q.5

The Human Development Index (HDI) is a summary composite index that measures average achievement of particular nation in three basic aspects of human development. These aspects are popularly known as (1) A long and healthy life. (2) Knowledge (3) A decent standard of living [1]. The Malappuram- most populated district in Kerala state. The district has attained tremendous progress in the field of education during the last two decades. Great strides have been made in the field of female education. The district has the largest number of schools in Kerala. Malappuram is the highest beneficiary in receiving donations from migrants abroad among all the districts in Kerala.

- (a) Explain different aspects of HDI in detail. **07**
- (b) Can HDI alone measure a country's level of human development? **07**
