**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**SECOND TRIMESTER (Batch 2021-23)**

**END TERM IMPROVEMENT EXAMINATION, MARCH-2022**

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| Course Name | **Emerging Economic Environment** | Course Code | **40402** |
| Max. Time | **2 hours** | Max. Marks | **40** |

**INSTRUCTIONS: All questions are compulsory**

**Q: 1 [4 + 1 + 2 + 3 = 10 Marks]**

An economy is characterized by the following equations- Consumption Function = 100 + 0.8Yd; Investment = Rs. 200 Crores; Tax = Rs. 100 Crores; Government Expenditure = Rs. 150 Crores; Exports = Rs. 100 Crores; Imports M = Rs. 120 Crores

**Compute:**

1. The equilibrium level of income
2. Comment if there is trade deficit/ surplus.
3. Find the final value of consumption in the economy.
4. The increase in private investments required to ensure that the economy reaches the full employment level of income of Rs. 2000 crores.

**Q:2 Comment on the possible outcomes, with sufficient justifications. [5\* 2 = 10 Marks]**

1. If Government expenditure is more than the revenue
2. If rupee depreciates then Impact on trade
3. Impact on macroeconomic equilibrium if investments in the country go up.
4. Impact on macroeconomic equilibrium if there is shortage of important natural resource natural gas due to outbreak of war.
5. Impact on FPI if interest rates on sovereign bonds go up.

**Q: 3 [4 + 4 + 3 = 10 Marks]**

1. “Inflation to a certain extent is important for an economy to grow”. Do you agree/ disagree? Justify with suitable arguments. Also discuss major causes of inflation.
2. Compare how general methods of credit control different from specific methods in the monetary policy of country. Explain using two methods under each category.
3. Comment in which situations, government may opt for a deficit budget? How will it support the economy? Are there any negative implications of a deficit budget? Discuss.

**Q: 4 [6 + 4 = 10 Marks]**

**A.** Critically examine Russia’s invasion on Ukraine. What are economic consequences for the world? Debate the stand of United Nations, USA, India and other major nations of the world in this war.

**B.** Contrast between developed, emerging and frontier economies. Which amongst these are more likely to witness a higher growth rate end why?

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