Roll No…………

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2021-23)
END TERM EXAMINATION (TERM -II)

Subject Name ; **Managerial Economics**	Time: **02.30 hrs**
Sub. Code : **PG24**	Max Marks: **40**

Note:

All questions are compulsory. Section A carries5 marks:5 questions of 1 marks each, Section B carries 15 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.

SECTION - A

Attempt all questions. All questions are compulsory. **1×5 = 5 Marks**

Q. 1 (A): Differentiate between Micro economics and Macroeconomics.
Q. 1 (B): Why demand curve slope downwards?
Q. 1 (C): Define indifference curve.
Q. 1 (D): Why selling costs are important in monopolistic competition?
Q. 1 (E): What are the various instruments of monetary policy?

SECTION - B

7 x 3 = 21 Marks

All questions are compulsory (Each question has an internal choice. Attempt any one (either A or B) from the internal choice)

Q. 2: (A). "Managerial Economics is a tool for decision-making and forward-planning". Discuss.

Or

Q. 2: (B). Discuss the factors that determine demand of ice-cream in Indian market.

Q. 3: (A). Distinguish between Short-Run and Long-Run Costs.

Or

Q. 3: (B). What is price discrimination? Discuss who can exercise price discrimination and in which market structure it can be exercised?

Q. 4: (A). How has the war between Russia and Ukraine affected the Indian economy?

Or

Q. 4: (B). Discuss the main causes of trade cycles in Indian economy.

SECTION - C

Read the case and answer the questions **7×02 = 14 Marks**

Q. 5: Case Study:

India's Growth Story – A steady growth or downswing

Economic activity fluctuates over time and follows a general but irregular pattern where periods of strong economic growth are followed by weaker growth or even periods where economic growth falls. This pattern is known as the business cycle and it affects all economies over time. With economic growth falling to a six-year low of 5 percent in the April-June quarter, the sources said the Indian government could toward the end of 2019 be forced to raise the fiscal deficit target to 3.5 percent of the Gross Domestic Product (GDP) from 3.3 percent, amid pressure for additional stimulus measures. Private economists have revised growth forecasts to as low as 5.8% for 2019/20, one percentage point lower than the prior year, saying the slowdown could persist for two or three years while much needed cyclical as well as structural reforms are put in place.

The flat manufacturing sector growth of 0.6% during the April-June period, and contraction in the auto sector by nearly 30% in July, has hit GST and corporate tax collections, while consumer spending cuts amid job losses have dented revenue collections. So far, the government has resisted pressure to announce a big bang stimulus package while nudging the central bank to cut its benchmark repo rate , which is already down 110 basis points since February.

Another government adviser said despite receiving a bonanza of around $8 billion in extra dividends from the central bank, the fiscal deficit would rise as nominal GDP growth has fallen well below the budgeted estimate for the fiscal year. In 2018/19, government revenue receipts fell 11% against the budgeted target, and the government resorted to spending cuts of 1.46 trillion rupees ($20.42 billion), and the deficit rose 3.4% of GDP against initial target of 3.3%.

Policy advisers fear that the government's recently outlined plan to merge 10 state-run banks into four mega banks this year, could also prove to be a distraction for bankers, reducing their focus on credit growth, delaying recoveries on bad loans, and in turn impacting their profits and their dividend payouts to the government. Analysts say under the current macro environment, monetary policy seems to be less effective than fiscal policy as ‘improper transmission mechanism’ fails to pass on benefits to the real economy. The Reserve Bank of India (RBI) highlighted a broad-based cyclical downturn in several sectors, including manufacturing, trade, hotels, transport, communication and broadcasting, construction, and agriculture, and called for counter-cyclical actions in terms of monetary and fiscal policies, along with deep-seated reforms for the structural slowdown.

Questions:

Q. 5: (A). Discuss the business cycle and various phases of business cycle in detail?

Q. 5: (B). Suggest the measures to be taken by the Indian Government to boost the economy using monetary and fiscal policy? Discuss the role of deficit financing in the growth story of India?

Mapping of Questions with Course Learning Outcome

COs		**Marks Allocated**
CO-1	Q- 1, Q-3	**12**
CO-2	Q. 5	**14**
CO-3	Q. 4, Q-5	**21**