

Name..... ID.....

BIRLA INSTITUTE OF TECHNOLOGY & SCIENCE, PILANI
FIRST SEMESTER 2023-2024
Comprehensive Examinations
Part-A & B (Closed Book)

Course No. : ECON F214	Max. Marks : 40.00
Course Title : Economic Environment of Business (EEB)	Duration : 90 Minutes
Date : 18/12/2023	Weightage : 20%
Time : 09.00 AM-12.00 Noon	

Instructions:

1. Write the *Name* and *ID Number* clearly in the answer sheet
2. Part A questions paper carries a total 16 questions (1 mark each) and Part B carries 6 questions (4 mark each)
3. Answer to Part A (MCQ Type) to be given in the appropriate box in the answer sheet provided only terms of Capital Letters as, A, B, C or D
4. Do not make any marking on the question paper.
5. Part B is short answer type questions and needs to be answered in the provided supplementary sheets only.
6. All the questions are compulsory
7. Answer the questions once only, no rewriting allowed and will be evaluated.

PART-A										
Question	1	2	3	4	5	6	7	8	9	10
Answer										
Question	11	12	13	14	15	16				
Answer										

Part-A **Each Questions carries 1 mark (16*1=16)**

- Q1) As per the Indian Constitution, the Central government under..... and state governments under..... are mandated to present their Annual Financial Statement (AFS) before the Parliament and State Legislatures, respectively.
- A. Article 112 & Article 202
 - B. Article 202 & Article 112
 - C. Article 121 & Article 220
 - D. Article 211 & Article 202
- Q2) India is one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ being set up in in 1965.
- A. Simachalam
 - B. Hyderabad
 - C. Mandala
 - D. Kandla
- Q3) Thecurbs short-term volatility in the forex market.
- A. Excessive tax rate
 - B. Forward binding rate
 - C. Market Stabilization scheme
 - D. Interest rate policy

Q4) Match list one with list two and select the correct answer using the code given below the list,

	List-I		List-II	
	a-Negative interest rate policy		1-Interest rate policy	
	b-Primary deficit		2-Unconventional monetary policy	
	c-National income/Population		3-Gross fiscal deficit and interest payment difference	
	d-Bank Rate		4-Per capita income	
	a	b	c	d
A	2	4	3	1
B	1	2	3	4
C	2	3	4	1
D	3	4	2	1

Q5) The principles of GST is a.....

- A. Destination based production tax
- B. Destination based consumption tax
- C. Origin based production tax
- D. Origin based consumption tax

Q6) Suppose a nation has a tax rate of 10% on the first ₹ 10,000 of taxable income, then 15% on the next ₹ 20,000, then 20% on the next ₹ 30,000, and 30% on all taxable income above ₹ 60,000. There is a ₹ 4,000 exemption per family member. Krishna's family has eight members and earns ₹ 80,000 per year. Given this scenario estimate, how much total tax is to be collected?

- A. ₹ 9600
- B. ₹ 48000
- C. ₹ 7600
- D. ₹ 10000

Q7) Which statements is/are correct for Shrinkflation:

- a. It is the practice of reducing the size of a product while maintaining its sticker price.
 - b. Shrinkflation makes it harder to accurately measure price changes or inflation.
- A. Only a
 - B. Only b
 - C. Both a & b
 - D. Neither a nor b

Q8) What will be the Effective revenue deficit given the revenue receipt=₹ 2633925, revenue expenditure= ₹ 4083519, and the grant in aid for the creation of capital asset=₹ 330875?

- A. ₹ 1118791
- B. ₹ 1118719
- C. ₹ 1117819
- D. ₹ 1117891

Q9) Compute the NNP at market price given, NDP at factor cost=₹ 19875 Cr., net factor income earned from abroad=₹ 211 Cr., net indirect tax=₹ 1872 Cr. & subsidies=175 Cr.

- A. 18389
- B. 21738
- C. 21783
- D. 21895

Q10) What will be the spread selling and buying rate percentage given buying rate is (Rupee/US\$) 45752 and the selling rate is (Rupee/US\$) 46295?

- A. 1.19 & 1.17
- B. 1.17 & 1.19
- C. 1.19 & 1.71
- D. 1.17 & 1.91

- Q11) The indicators, the value of which changes at the same time as the aggregate economic activity, are known as
- A. Coincident indicators
 - B. Leading indicator
 - C. Lagging indicator
 - D. Composite Indicator

Q12) Match list one with list two and select correct answer using the code given below the list,

	List-I		List-II	
a-	Control of Interest Rates	1-	IIP	
b-	Measure of food inflation	2-	International Monetary Fund	
c-	Special Drawing Rights	3-	CPI	
d-	Measures industries performance	4-	Reserve Bank of India	
	a	b	c	d
A	3	2	4	1
B	1	2	3	4
C	4	3	2	1
D	4	4	1	2

Q13) What is the implication of fiscal policy for business managers?

- A. Fiscal policy is one of the important drivers of business environment and overall macroeconomic stability of a country.
- B. Taxes affect the disposable income and purchasing power of individuals and business units.
- C. Both inflation and interest rates are important variables in business decisions.
- D. All of the above

Q14) Let's say you deposit ₹ 4,000 in a savings account in 2021, and a year later, in 2022, you have earned ₹ 4,200. In the meanwhile, the CPI rises from 400 to 408 during this period. In this scenario, the nominal growth rate is.....percent, and the real growth rate is.....percent.

- A. 1; 5
- B. 3; 5
- C. 5; 1
- D. 5; 3

Q15) Suppose the monetary base is ₹ 800 crore, the reserve-deposit ratio is 0.1, and the currency deposit ratio is 0.8, in this case the money multiplier will be,

- A. 2.0
- B. 3.25
- C. 1.81
- D. 1.75

Q16) If the forward rate of a currency is greater than its spot rate, it is said to be at a on the other hand, if its forward rate is smaller than the spot rate, it is at

- A. forward premium, forward discount
- B. forward discount, forward premium
- C. Spot rate, forward rate
- D. forward discount, Option premium

Part-B**Each Question carries 4 marks (6*4=24)**

Q17) Under which three guiding principles was the GATT formed? The WTO was formed in which round of GATT?

Q18) Differentiate between bank rate, repo rate, and marginal standing facility rate of RBI. What is the meaning of the currency demand paradox?

Q19) The GDP information for country X has been given in two different base periods (2004-05 and 2011-12). Given this information, answer the following questions.

- Use the forward splicing method and convert the 2004-05 base period figures into the 2011-12 base period.
- Compute the simple average growth rate for country X for the whole period (2009-10 and 2012-13) in the 2011-12 base period.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Base (2004-05)			Base (2011-12)	
Country (X) (₹ Crores)	1675	1808	1938	3519	3531

Q20) Explain the concept of purchasing power parity. What are the advantages and disadvantages of the fully flexible exchange rate regime? What is the impact of trade on business managers?

Q21) Which factors affect the location of an industry? Analyze the primary and secondary causes that influence the location of an industry.

Q22) Given $C = ₹ 25 + 0.80Y_d$, $I = ₹ 55$, $G = ₹ 25$ and $T = ₹ 15$, where $Y_d = Y - T$, answer the following questions,

- Find the equilibrium level of output?
- Find the total consumption at the equilibrium level of output.

Name..... ID.....

BIRLA INSTITUTE OF TECHNOLOGY & SCIENCE, PILANI

FIRST SEMESTER 2023-2024

Comprehensive Examinations

Part-C (Open Book)

Course No. : **ECON F214**

Course Title : **Economic Environment of Business (EEB)**

Date : **18/12/2023**

Time : **09.00 AM-12.00 PM**

Max. Marks : **35**

Duration : **90 minutes**

Weightage : **17.5%**

Instructions:

1. Part C questions paper carries a total 3 questions
2. Do not simply copy and paste the answer as per the reference book or other materials. Write it in your own words, otherwise it will not be evaluated.
3. All the questions are compulsory. Show all the calculations wherever necessary.

1. What is the definition of Special Economic Zones (SEZs)? What is the influence of Special Economic Zones (SEZs) on the business environment? What are the advantages and disadvantages of SEZs in India? **[2+2+2=6 M]**

2. What are the major objectives of trade policy reform in India? Critically analyze India's trade policy reform in the pre and post-liberalization periods. How the trade liberalization impacted the business environment in India? **[2+4+2=8 M]**

3. What is the prime lending rate of the RBI? Define the concept of the LAF corridor. Given the information, compute the following.

(a) GVA at basic price (b) GDP at Market Price (c) Discrepancies (d) NDP at Market Price (e) GNP at market price (f) NNP at market price (g) Import intensity of export (h) Import penetration ratio (here consider the GDP at market price as the Output) (i) Export intensity of output (here also consider the GDP at market price as the Output) (j) Currency with the public (k) Currency in circulation (l) Narrow money (m) M2 (n) Broad money (o) High powered money (p) Velocity of money (q) Money Multiplier **[2+2+17=21 M]**

Note: All the values are given in the nominal (current) price

Components	₹ (Crores)	Components	₹ (Crores)
Consumption of fixed capital- CFC	2164	Cash on hand with the Co-operative Banks	10
Export of goods	2241	Bankers' Deposits with RBI	572
Subsidies on Products	357	Demand Deposits with Banks: Co-operative Banks	117
Production taxes less production subsidies	-71	Cash on hand with the Scheduled Commercial Banks	82
Import of goods	3361	Other current transfers (net) from ROW	540
Compensation of employee	6454	Circulation of Notes	2227
Government Final Consumption Expenditure-GFCE	2212	Post Office Savings Bank Deposits	143
Operating Surplus/Mixed Income	9835	Circulation of Small coins and re-coin	26
Export of services	1512	Primary income receivable from ROW (net)	-193
Taxes on Products	2080	Demand Deposits with Banks: Scheduled Commercial Banks	1384
Changes in Stock-CIS	135	Time Deposits with Banks: Co-operative Banks	685
Private Final Consumption Expenditure-PFCE	12245	Other Deposits with RBI	32
Import of services	909	Social Sector Expenditure	121
Gross Fixed Capital Formation- GFCF	5720	Time Deposits with Banks: Scheduled Commercial Banks	11531
Valuables	195	Total Post Office Deposits	399