

# TRIBHUVAN UNIVERSITY

2080 (Regular)

B.B.S. **4 Yrs. Prog.** / II Year / MGMT

Macroeconomics For Business  
(MGT 209) (New Course)

Full Marks: 100

Time: 3 hrs.

*Candidates are required to give their answers in their own words as far as practicable:*

*The figures in the margin indicate full marks.*

## Group "A"

### *Brief Answer Questions*

[10×2=20]

Attempt ALL questions:

1. Write any four features of macroeconomics.
2. What is effective demand?
3. What are the components of labour market equilibrium?
4. What is profit-push inflation?
5. Write any two implications of Say's Law of Market.
6. List the economic values that are used to computing rate of inflation.
7. What are the cost drivers of globalization?
8. What are the assumptions of psychological law of consumption function?
9. Point out the core values of economic development?
10. What are the components of financial inclusion?

## Group "B"

### *Short Answer Questions (Any Five)*

[5×10=50]

11. Describe the static analysis of macroeconomics.
12. Derive investment and tax multipliers.
13. Explain the factors that causes poverty in Nepal.
14. Assess the features of monetary policy (2023-24) of Nepal.
15. Consider the following data for a hypothetical economy:  
[(2+2+2+2)+2]

Year	Output of A	Price of A	Output of B	Price of B
2021	300	900	1000	80
2022	350	1000	1300	120
2023	375	1200	1700	140

- a. Compute nominal GDP, real GDP, GDP deflator and rate of inflation.
  - b. Why the real GDP is better measurement of welfare than nominal GDP?
6. Consider the following schedule :

Period	t <sub>1</sub>	t <sub>2</sub>	t <sub>3</sub>	t <sub>4</sub>	t <sub>5</sub>
Y <sub>d</sub> :	0	200	400	600	800
C:	80	240	400	560	720
S:	-80	-40	0	40	80

- a. Derive linear consumption and saving functions.

- b. Graph  $Y_d$  and  $C$  and explain three propositions of psychological law of consumptions function.

Group "C"

**Analytical Answer Questions (Any Two) :** [2×15=30]

17. Explain the contraction phases of trade cycles. What types of fiscal measures would you apply to stabilize the economy? [8+7]

18. Explain the process of measuring GDP by product method with examples. What types of conceptual difficulties are encountered in the measurement of GDP by product method? [10+5]

19. Let, the structural equations for the money market and product market in a hypothetical economy are given as follows:

$$\begin{array}{lll} I = 400 - 4000i, & M_{SP} = 200 - 2000i, & G = 500, \\ M_t = 0.5Y & C = 400 + 0.75(Y-T) & \\ T = 200 + 0.2Y & M = 800 & \end{array}$$

- i. Determine equilibrium rate of interest and output.
- ii. What will be the simultaneous effect on the equilibrium rate of interest and output when government increases its planned expenditure by Rs. 100 billion and central bank increases money supply by Rs. 200 billion?
- iii. Are these fiscal and monetary measures effective to control inflation? Give your comments. [6+6+3]

