TRIBHUVAN UNIVERSITY

2082 (Regular)

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

Macroeconomics for Business

(MGT 209)

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. What is dynamic analysis in macroeconomics?
(समष्टिगत अर्थशास्त्र गतिशील विश्लेषण भनेको के हो ?)

2. Prepare a list of types of unemployment.
(वेरोजगारीका प्रकारहरूको सूची बनाउनुहोस्।)

3. What are the components of money market equilibrium under classical theory of employment?
(रोजगारको शास्त्रिय सिद्धान्त अन्तर्गत मौद्रिक बजार सन्तुलनका तत्वहरू के के हुन् ?)

4. Derive government expenditure multiplier.
(सरकारी खर्च गुणकको व्युत्पति गर्नुहोस् ।)

5. Write any four determinants of investment function.
(लगानी फलनका कुनै चारवटा निर्धारक तत्वहरू लेख्नुहोस ।)

6. Differentiate between money flow and real flow.
(मौद्रिक प्रवाह र वास्तविक प्रवाह वीचको भिन्नता छुट्याउनुहोस् ।

7. State the scope of macroeconomics.
(समष्टिगत अर्थशास्त्रको क्षेत्र उल्लेख गर्नुहोस् ।)

8. Write any two implications of Say's law of market.
(से' को बजार सम्बन्धी नियमका कुनै दुईवटा निष्कर्षहरू लेख्नुहोस् ।)

9. Double counting may occur under final product method. Why?
(अन्तिम उत्पादन विधीमा दोहोरो गणना हुन सक्दछ, किन?)

10. What are the determinants of effective demand?
(प्रभावकारी मागका निर्धारक तत्वहरू के के हुन् ?)

Group "B"

Short Answer Questions (Any Five) [5×10=50]

11. Derive the LM curve.
(LM वक्ररेखाको व्युत्पत्ति गर्नुहोस् ।)

12. Describe the structure of financial market of Nepal.
(नेपालको वित्तिय बजार संरचनाको वर्णन गर्नुहोस् ।)

13. Explain the current trends of global economy.
(विश्वव्यापी अर्थव्यवस्थाको वर्तमान प्रवृत्तिको व्याख्या गर्नुहोस् ।)

14. What is trade cycle? Describe its characteristics.
(व्यापार चक्र भनेको के हो ? यसका विशेषताहरूको वर्णन गर्नुहोस् ।)

15. Let, $C = 400 + 0.7 (Y-T)$, $T = 120 + 0.2Y$, $I = 500$, $G = 400$, $X = 100$, $M = 5 + 0.1Y$. [4+4+2]
    i. Determine equilibrium output and trade balance.
    ii. What will be the effect on equilibrium output and trade balance when government expenditure decreases by Rs. 100 billions and tax rate increases by 5% ?
    iii. Compute government expenditure and foreign trade multipliers.

16. Suppose, saving functions, $S = -200 + 0.3Y$, Investment function, $I = 100 + 0.1Y$. [3+4+3]
    i. Determine equilibrium output, saving and investment.
    ii. What will be the effect on equilibrium output saving and investment when (a) planned saving increases by Rs. 40 billions and (b) MPS increases to 0.4?
    iii. Do these conditions reflect paradox of thrift? Give reasons.

P.T.O.

Group "C"

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

17. Explain the determinants of financial inclusion. What is the current status of financial inclusion in Nepal? Discuss.
(वित्तिय समावेशिताका निर्धारक तत्वहरूको व्याख्या गर्नुहोस् । नेपालमा वित्तिय समावेशिताको वर्तमान अवस्था कस्तो छ ? विश्लेषण गर्नुहोस् ।) [8+7]

18. What is fiscal policy? Explain its types and objectives.
(वित्तिय नीति भनेको के हो ? यसका प्रकार र उद्देश्यहरूको व्याख्या गर्नुहोस् ।) [2+(6+7)]

19. Consider the following data :

Description	Rs. in billions
Dividends	459
Business interest payments	946
Addition to stocks	-3
Personal taxes	413
Personal consumption expediture	11943
Govt. and business transfers	2000
Net indirect taxes	739
Net fixed capital formation	1671
Depreciation	708
Current transfers from rest of the world	1182
Corporate profits	2059
Exports	1048
Rental income	682
Government consumption	757
Wages and salaries	8000
Imports	1540
Interest	264
Employer's contribution to social security	1186
Social insurance payments	1000

a) Compute GDP MP by both expenditure and income method

b) Compute personal income.

c) Differentiate nominal GDP and real GDP. [(4+4)+4+3]

□