TRIBHUVAN UNIVERSITY

2081 (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 are the uses of macroeconomics?
2. Prepare a list of characteristics of Keynesian theory of employment.
3. Write any four types of unemployment.
4. What are the components of marginal efficiency of capital?
5. What is comparative macro statics?
6. Let, gross fixed investment = 2000, changes in stocks = 50, depreciation = 500. Compute gross private domestic investment.
7. How is percapita income computed?
8. Let, C = 300 +0.8(Y-T), T = 80, G = 400, I = 300-3000i. Derive IS equation.
9. What are the components of capital account of BOP?
10. List out the sources of deficit financing.

Group "B"

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

11. Explain the process of computing nominal GDP, real GDP, GDP deflator and rate of inflation with examples.

12. (i) Describe the determinants of saving.

(ii) Let, $S = -100+0.2Y$ $I = 60+0.1Y$. Compute equilibrium income, saving and investment. What will be the equilibrium income, saving and investment when autonomous saving increases by Rs 30 billion? [4+6]

13. How is labour market equilibrium attained? Explain

14. What is regional economic integration? Explain its advantages for developing counties like Nepal.

15. How is flexible exchange rate determined? Explain.

16. What is LM curve? How is it derived?

Group "C"

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

17. Explain the prosperity phase of trade cycles with its characteristics. What types of monetary instruments would you suggest in stabilizing the economy? [8+7]

18. What is financial inclusion? Explain its determinants. [3+12]

19. Consider the following data :

Period	t_1	t_2	t_3	t_4	t_5	t_6	t_7	t_8	t_9
Yd:	0	500	1000	1500	2000	2500	3000	3500	4000
C:	400	800	1200	1600	2000	2400	2800	3200	3600
I:	100	100	100	100	100	100	100	100	100
ΔI:	200	200	200	200	200	200	200	200	200

a) Derive linear consumption and saving functions.

b) Graph Yd, C+I, and C+I+ΔI.

c) Determine equilibrium output. What will be the new equilibrium output when planned investment increases by 200 billion? Is it consistent when it is computed by investment multiplier?

d) What are the leakages of investment multiplier? Explain any two.

[3+4+4+4]