

TRIBHUVAN UNIVERSITY

2079

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. State the types of budget.
2. What are the determinants of demand for foreign exchange?
3. Write any two differences between nominal GDP and real GDP.
4. What are the assumptions of the principle of effective demand?
5. Write any four causes of unemployment in Nepal.
6. What are the properties of MPS?
7. Differentiate stock and flow.
8. What are the components of gross private domestic investment?
9. Point out any four features of trade cycles.

10. Write any four determinants of financial inclusion.

Group "B"

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

11. Explain the uses of macroeconomics.
12. Industry A imports goods worth Rs. 200,000 from China and sells the goods to industry B for Rs. 40,000 and to industry C for Rs. 280,000. Industry B purchases goods worth Rs. 80,000 from industry M and sells the goods to industry C for Rs. 60,000 and exports in India for Rs. 160,000. Industry C purchases goods from industry N worth Rs. 60,000 and sells the goods to households for Rs. 680,000. Using this information,
- a. Compute GDP_{MP} by value -added method.
b. Does this method avoids double counting? Give reasons. [8+2]
13. Investment function and saving function of an economy are:
 $I = 120 + 0.2Y$ and $S = -30 + 0.4Y$ respectively [4×2.5]
- a. Compute equilibrium level of income, saving and investment.
b. If autonomous saving increases by Rs. 40 billion, what will be the effect on income, saving and investment?
c. What will be the effect on income, saving and investment when MPS increases to 0.5?
d. Compare the results of 'b' and 'c' with the result of 'a' and verify the condition of the Paradox of Thrift.
14. State the four sector economy. How is national output determined under it? [2+8]

15. Flexibility in wage rates is the pre-condition for achieving labour market equilibrium. Justify.

16. What is Public-Private Partnership? Explain its components.

Group "C"

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

17. Consider the following features of the hypothetical Economy.

$$C = 300 + 0.75(Y-T)$$

$$T = 240 + 0.2Y$$

$$I = 600 - 6000i$$

$$G = 300 \text{ billion}$$

$$M_s = 600 \text{ billion}$$

$$M_t = 0.5 Y$$

$$M_{sp} = 300 - 9000i$$

- a. Calculate the equilibrium income and rate of interest.
b. It is realized that the economy is trapped in an economic depression. In order to remove recession, the government has implemented an expansionary fiscal policy and increased its expenditure by 300 billion. The central bank has also supported government and increased the money supply by 300 billion. What will be the simultaneous effect on equilibrium national income and rate of interest?
c. State the characteristics of economic depression. Are these policies effective to remove depression? Give your critical comment. [5+5+(2+3)]
18. Explain the concept and causes of cost-push inflation. How can it be controlled by monetary and fiscal policies? [(3+4)+(4+4)]
19. State the forms of globalization. How does globalization create positive and negative effects in the developing economy? Explain. [3+(6+6)]

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