Subject: Macro Economics   Course Code: MGMT 322
Full Marks: 60   Time: 3 Hours

You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.

SECTION A: VERY SHORT ANSWER QUESTIONS (10X 1 = 10 MARKS)

*Answer **ALL** questions.*

Q1.   What is the meaning of macroeconomics?
Q2.   Find the equilibrium wage in labour market with the help of following equations;
       $DL = 1000 - 50w$ and $SL = 200 + 100w$
Q3.   Define seasonal unemployment in single sentence.
Q4.   Write any two basic assumptions of classical theory of employment.
Q5.   Compute the equilibrium level of income and consumption from the following equations;
       Consumption function $C = 500 + 0.8Y$ and autonomous investment $(I) = 600$
Q6.   Calculate the investment multiplier when mpc is 0.3.
Q7.   Show the graphical sketch of flow of income and expenditure in two sector economy.
Q8.   Which type of the inflation is appropriate for economic progress of an economy?
Q9.   Diagrammatically, represent the money market and product market equilibrium.
Q10.   Enlist any two importance of budget.

SECTION B: SHORT ANSWER QUESTIONS (6 X 3 = 24 MARKS)

*Answer any **Three** questions.*

Q11.   Explain the different types of macroeconomics with the help of figures   [8]
Q12.   Analyze and illustrate the circular flow of income and expenditure in three sector economy.   [8]
Q13.   Explain the Keynesian psychological law of consumptions
Q14.   The saving function of an economy is estimated to be $S = -200+0.4Y$ where income, saving and investment
       are measured in billion. Autonomous investment in the economy is 1000 billion.
       a) Find the equilibrium level of income, consumption and saving.   [4]
       b) If saving increased by 50 billion, what is the new level of equilibrium income, consumption and saving?[4]
Q15.   Discuss the role of central bank for economic regulation of an economy.   [8]

SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)

*Answer any **TWO** questions.*

Q16.   Define national income. Calculate the gross domestic product(GDP), gross national product (GNP), net national
       income (NNP), national income (NI), personal income (PI) and disposable income from the following data:
       [2+2+2+2+2+2+1]

S.N	Items	Amount (Rs in Crore)
1	Wage and Salaries	1000
2	Mixed income	500
3	Rental income	200
4	Interest income	250
5	Profit	100
6	Net Indirect tax	450
7	Depreciation	50
8	Net factor income from abroad	800
9	Undistributed corporate profit	200
10	Corporate income tax	150
11	Transfer payment	120
12	Social security contribution	50
13	Personal tax	350

Q17.   Analyze the Hicks and Hansen model of income determination in two sector economy.   [13]
Q18.   What is inflation? Describe the various effects of inflation in the economy of Nepal.   [3+13]

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