GLOBAL COLLEGE INTERNATIONAL

MID-TERM EXAMINATION 2023

BACHELOR OF BUSINESS ADMINISTRATION (BBA)

SEMESTER – II

Subject: Macroeconomics Course Code: MGT425

Full Marks: 100 Time: 3 Hours

You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.

**SECTION B: SHORT ANSWER QUESTIONS (8 5 = 40 MARKS)**

Answer any EIGHT questions:

1.Explain APC and MPC with suitable examples.

2.What is national income? Discuss any five difficulties of measurement of national income

3.Suppose a basket consists of 20kg Rice and 40kg Wheat;

|  |  |  |
| --- | --- | --- |
| Year | Price/kg Rice | Price/kg Wheat |
| 2020 | 120 | 60 |
| 2021 | 135 | 65 |
| 2022 | 152 | 85 |

Calculate inflation for the year 2022 assuming 2020 as a base year

4.Discuss major goals of macroeconomics

5.Discuss the coefficient of acceleration. What does it explain?

6.Discuss the says law of market.

7.Discuss the importance of circular flow of income and expenditure.

8.How does the income and output determine under two sector economy? Explain

9.Write the difference between MEC and MEI.

10.What is saving function? Explain with suitable diagram.

**SECTION C: LONG ANSWER QUESTIONS (3 10 = 30 MARKS)**

Answer any THREE questions:

11.Consider the following table and calculate GNP MP and GNP FC by using income and expenditure methods

|  |  |
| --- | --- |
| Items | Amount (Rs in million ) |
| Interest | 600 |
| Proprietors' profits | 500 |
| Corporate profits | 498 |
| Net exports | -100 |
| Consumption expenditure | 5000 |
| Capital consumption allowances | 750 |
| Indirect business taxes | 560 |
| Compensation of employees | 4542 |
| Rents | 100 |
| Gross domestic private investment | 1220 |
| Government expenditure on the purchase of goods and services | 1470 |
| Net factor income from abroad (NFIA) | 500 |

12. Explain the circular flow of income and expenditure under three sector economy.

13. How employment and output is determined under Theory of Effective Demand? Explain.

14. Let, saving function (S) = –80 + 0.2Y and investment function (I) = 50 + 0.1Y.

a. Compute the equilibrium national income, saving and investment.

b. What will be effect on equilibrium income, saving and investment when saving function increases by 20 units?

c. Does it satisfy concepts of paradox of thrift?

15. Define and derive super multiplier. In which respect, it is different than simple multiplier? explain

**SECTION D: CASE STUDY (15 MARKS)**

16. While conducting a research, this is found that one of the causes of student migration was low employment opportunities at home after their graduation. In the survey, 67.5 per cent of the potential students (those who were planning to go abroad for higher studies) cited lack of employment in Nepal as a push factor for going abroad.

Similarly, 95 per cent of the students studying in different universities abroad had been pushed into foreign countries for lack of employment opportunities in Nepal. Hence, due to the high unemployment rate at home, thousands of students have been flocking to foreign countries.

The same finding can be applied to around 3.5 million labor migrants of Nepal, who are working abroad. They have selected foreign nations to work due to unavailability of jobs in the country. In order to create more job opportunities in Nepal, the government must spend huge sums of money on infrastructure development, commercialization of agriculture, industrial development, including promotion of tourism industries, and encourage the private sector. It must also provide skill and training development to the youths, practical and vocational education, and maintain peace and tranquility in the country.

1. What are the major causes of unemployment in Nepal? Explain. (5)
2. Explain any five types of unemployment? (5)
3. What is the opinion of classical economist regarding the solving unemployment problem? (5)

All the Best

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