**NAGARJUNA COLLEGE OF INFORMATION TECHNOLOGY**

**Full Marks: 100**

**Pass Marks: 50**

**Time: 3 hrs.**

**Shankhamul -09, Lalitpur**

**SET - A**

**Pre-Board Exam 2080**

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| **BIM / Fourth Semester / ECO 206: Economics for Business** |

***Candidates are required to give answer in their own words.***

**Group 'A'**

**Brief Answer Questions (Attempt all questions) [10×2=20]**

1. What is accounting cost?

2. Give a brief concept of nominal GDP.

3. If C = a + bY. What does it mean?

4. Explain the term national income.

5. What is relatively elastic demand?

6. List out the sources of economic growth.

7. What is elasticity of demand?

8. What is IRS?

9. Show the formula of income elasticity of demand.

10. If Qd = 90 – 5P and Qs = 10 + 8P; where the components are their usual meaning. Compute the equilibrium price and quantity.

**Group 'B'**

**Short Answer Questions (Attempt any *Six* Questions) [6×5=30]**

11. If Demand (Q) = 200 – 10P. Calculate the consumer's surplus at price is Rs 10.

12. Draw clear diagram of Cost Push Inflation and list out the major causes of Cost Push Inflation.

13. Show the TFC and TVC with the help of table and diagram.

14. Define the linear and non-linear demand function.

15. What are the instruments of fiscal policy? Explain.

16. Explain the production possibility curve.

17. What is business cycle? Show by the figure also.

**Group 'C'**

**Long Answer Questions (Attempt Any *Three* Questions) [3×10=30]**

18. What is monopoly market? How the price and output is determined in short run?

19. Consider the following table:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Output | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| TP | 0 | 20 | 60 | 120 | 160 | 180 | 180 | 160 |
| AP | - | - | - | - | - | - | - | - |
| MP | - | - | - | - | - | - | - | - |

a. Complete the table.

b. Plot the TP, AP and MP and show the law of variable proportion.

20. Consider the following national income information:

|  |  |
| --- | --- |
| Items | Amount in million |
| Indirect business taxes | 36,000 |
| Corporate profit tax | 45,000 |
| Imports | 26,000 |
| Govt. investment | 36,000 |
| Net domestic investment | 104,000 |
| Payment to the Rest of the World | 16,000 |
| Exports | 14,000 |
| Wages and salaries | 440,000 |
| Proprietor's income | 60,000 |
| Govt consumption | 60,000 |
| Receipts from Rest of the World | 8,000 |
| Consumption expenditure | 530,000 |
| Subsidies | 16,000 |
| Rent | 18,000 |
| Interest | 30,000 |
| Mixed income | 20,000 |
| Employer's contribution to social security | 30,000 |
| Corporate income | 100,000 |
| Consumption of fixed capital | 32,000 |

a. Compute NNP at MP by expenditure method

b. Compute NNP at MP by income method.

21. Define the monetary policy. What are its instruments?

**Group 'D'**

**Comprehensive Answer Question. [1×20=20]**

22. Read the following case carefully and answer the questions that follows:

ADB estimates Nepal's Economy to Moderate in FY 2023



Kathmandu, Nepal (4 April 2023), Nepal's GDP growth is projected to slow largely due to tight monetary policy, slackened domestic demand, the unwinding of COVID-19 stimulus, and persistent global headwinds.

"There are downside risks to the outlook such as a global downturn hitting Nepal's tourism and remittance receipts", said ADB country Director for Nepal Arnaud Cauchois. "Accelerating capital budget spending through focused investment planning, financial management, and project readiness will help spur Nepal's economic growth over the years."

Agriculture growth will likely moderate to 2% in FY 2023, down from 2.3% in FY 2022. There has been an increase in paddy output, but winter rainfall has been scanty and will likely affect winter crop yield and overall agriculture output. Industry growth will likely decelerate as higher interest rates, import restriction measures, slowdown in domestic consumption, and a dampened external demand have affected manufacturing and construction subsectors. Services growth will also moderate to 4.4% from 5.9% in FY 2022. Credit control measures and hike in interest rates have slowed down real estate, wholesale, and retail trade activities. While tourism growth has been strong, international tourist arrivals are still at half of the pre-pandemic level.

The country's inflation will edge up to 7.4% in FY 2023 from 6.3% in FY 2022, despite the tight monetary policy reigning in demand.

Inflation is expected to decelerate to 6.2% in FY 2024 assuming a normal harvest, subdued oil prices, and a decline in inflation in India.

**Questions:**

a. Make clear the trend of GDP growth forecast of Nepal from 2022 to 2024.

b. Explain the factors that influenced the fall in real GDP in 2023 and draw a suitable diagram with the help of change in the AD and AS approach.

c. Which type of monetary policy was implemented for what purpose and how was it effective in the economy? Analyze.

d. Is there any possibility that Nepal will regain economic growth in the years to come? Present your opinions based on article.

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**Pre-Board Exam 2080**

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**Group 'A'**

**Brief Answer Questions (Attempt all questions) [10×2=20]**

1. What is microeconomics?

2. Give a brief concept of real GDP.

3. What is CRS?

4. What is oligopoly market?

5. What is relatively inelastic demand?

6. List out the sources of economic development.

7. What is elasticity of supply?

8. If Q = f(L, K). What does it mean?

9. What is substitution goods?

10. If Qd = 70 – 2P and Qs = 10 + 8P; where the components are their usual meaning. Compute the equilibrium price and quantity.

**Group 'B'**

**Short Answer Questions (Attempt any *Six* Questions) [6×5=30]**

11. What is business cycle? Show by the figure also.

12. Explain the production possibility curve.

13. Show the AC and MC with the help of diagram.

14. Define the linear and non-linear supply function.

15. What are the instruments of fiscal policy? Explain.

16. Draw clear diagram of Cost Push Inflation and list out the major causes of Cost Push Inflation.

17. If Demand (Q) = 200 – 10P. Calculate the consumer's surplus at price is Rs 10.

**Group 'C'**

**Long Answer Questions (Attempt Any *Three* Questions) [3×10=30]**

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