**Group “A”**

**Brief Answers Questions**: **[10**×**2=20]**

1. Scarcity and choice
2. Microeconomics
3. Movement along a demand curve
4. Market efficiency
5. Find elasticity of demand, when MR=0.
6. Isoquant
7. Draw a figure for maximization of profit with TC-TR approach under monopoly.
8. Wage differentials
9. Real GDP
10. Bank rate policy

**Group “B”**

**Short Answer Questions: (answer any six questions) [6×5=30]**

1. Explain the scope of macroeconomics
2. What do you mean by market equilibrium? Explain with figures.
3. Explain the law of constant returns to scale.
4. Complete the table given below

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| output | TFC | TVC | TC | AFC | AVC | AC | MC |
| 0 |  |  | 100 |  |  |  |  |
| 1 |  |  | 150 |  |  |  |  |
| 2 |  |  | 190 |  |  |  |  |
| 3 |  |  | 220 |  |  |  |  |
| 4 |  |  | 240 |  |  |  |  |
| 5 |  |  | 275 |  |  |  |  |
| 6 |  |  | 330 |  |  |  |  |
| 7 |  |  | 410 |  |  |  |  |
| 8 |  |  | 500 |  |  |  |  |

1. What are the different features of oligopoly market?
2. Find GNP at MP, NI, PI and PDI from the following data

Items Rs. In Crore

GDP at MP 2,000

Net indirect tax 50

Depreciation 400

Net factor income from abroad 500

Undistributed profit 150

Corporate income tax 50

Transfer payments 100

Social security contribution 20

Personal tax 200

1. Define fiscal policy. What are the different objectives of fiscal policy? Explain.

**Group “C”**

**Long Answer Questions: (answer any Three question)**   **[3×10=30]**

1. Explain the concept of producer’s equilibrium
2. Make a clear concept of demand pull inflation. Explain its causes.
3. What do you mean by exchange rate? Explain the determination of exchange rate.
4. Consider the following table and answer the following questions.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Price | Quantity | Total Revenue | Total Cost | Profit |
| 10 | 0 |  | 8 |  |
| 10 | 1 |  | 12 |  |
| 10 | 2 |  | 14 |  |
| 10 | 3 |  | 15 |  |
| 10 | 4 |  | 17 |  |
| 10 | 5 |  | 20 |  |
| 10 | 6 |  | 25 |  |
| 10 | 7 |  | 35 |  |
| 10 | 8 |  | 50 |  |
| 10 | 9 |  | 70 |  |
| 10 | 10 |  | 110 |  |

1. complete the table above
2. Draw TR and TC curves in a graph
3. Find profit maximizing output by TR-TC approach
4. What type of market does it indicate? Give reasons.

**Group “D”**

**Comprehensive Answer / Case / Situation Analysis Questions:**  **[2×10=20]**

1. **Read the following situation and answer the questions asked below:**

Short run production function of Nepal Printing Press (NPP) is Q=14L+7L2 –L3 where Q is total printed pages in thousand per week and L is worker (other variable factors are also used for printing but they are not considered in production function to make it simple). The NPP is using one printing machine, building, two computers and furniture as the fixed factor. Initially, NPP employed only one worker and gradually increased the number of worker individually up to 7 workers. The workers are deployed in printing, typing, designing, binding and other routine office works.

Referring the information mentioned above answer the following questions

1. Does the given production function represent the law of variable proportions? Explain the different three stages of production behaviour of NPP with numerical table and graph derived from the given production function.
2. What are the causes for three different stages of production behaviour in NPP?

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**Group “A”**

**Brief Answers Questions**: **[10**×**2=20]**

1. Allocation of resources
2. Macroeconomics
3. Shifting of a supply curve
4. Find elasticity of demand when MR is positive
5. Iso-cost line
6. Monopolistic competition
7. Net domestic product
8. Balance of payment
9. Hyper inflation
10. Expansionary fiscal policy

**Group “B”**

**Short Answer Questions: (answer any six questions) [6×5=30]**

1. Explain income elasticity of demand for unitary elastic, more elastic and less elastic income elasticity of demand.
2. What do you mean by the law of increasing returns to scale? Explain.
3. Complete the following table, when production function Q=12L+6L2-L3

|  |  |  |  |
| --- | --- | --- | --- |
| Labour | Total product | Average product | Marginal product |
| 0 |  |  |  |
| 1 |  |  |  |
| 2 |  |  |  |
| 3 |  |  |  |
| 4 |  |  |  |
| 5 |  |  |  |
| 6 |  |  |  |

1. Explain the relation between AC and MC curves with a figure.
2. Define profit. What are the difference between business profit and economic profit?
3. Explain the characteristics of a perfect competitive market.
4. Define monetary policy. What are its objectives?

**Group “C”**

**Long Answer Questions: (answer any Three question)**  [**3×10=30]**

1. Consider the following production schedule.

|  |  |  |
| --- | --- | --- |
| Combinations | Capital | Labour |
| A | 3 | 58 |
| B | 9 | 40 |
| C | 15 | 24 |
| D | 21 | 16 |
| E | 27 | 10 |

1. Let, price of capital (Pk) is Rs.200, price of labour (PL) is Rs .100, calculate the total cost for each combination containing in production preference schedule and identify the least cost combination.
2. Sketch a graph (i) and (ii) family of iso-cost line with total cost outlay Rs.5000, Rs.5400 and Rs.5800 respectively, (iii) identify least cost combination of two inputs with proper reasons.
3. Complete the table given below and answer the following questions:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| output | Price | Total revenue | Total cost | Total profit | Profit/Loss |
| 0 | 11 |  | 10 |  |  |
| 1 | 10 |  | 12 |  |  |
| 2 | 9 |  | 17 |  |  |
| 3 | 8 |  | 21 |  |  |
| 4 | 7 |  | 26 |  |  |
| 5 | 6 |  | 33 |  |  |
| 6 | 5 |  | 43 |  |  |
| 7 | 4 |  | 60 |  |  |

1. Draw TR and TC curves from the table in a graph.
2. find the profit maximizing output by TR-TC approach.
3. What type of market does it indicate? Give reasons.
4. How can we measure national income (NI) with the income method? What are its components?
5. Define inflation. Explain cost push inflation with its causes.

**Group “D”**

**Comprehensive Answer / Case / Situation Analysis Questions: [2×10=20]**

1. **Read the following situation and answer the questions asked below:**

Business cycles refers to oscillations in aggregate economic activities, particularly in employment,

output, income, price profit etc. which occur periodically with certain regularity. It is characterised by alteration of economic expansion and contraction in economic activities. The process of fluctuation is of a cumulative self-reinforcing nature. The seed of recession is cultivated by prosperity itself. A recession, once started tends to build upon itself much as forest fire, once under way, tend to create its own draft and given internal impetus to its destructive ability. Similarly, when business fluctuations occur in a country, it will spread in world economy. At the moment of recession, central bank and government alert themselves and try to maintain coordination in implementing policy instruments (i.e. monetary and fiscal instruments). In this reference answer the following questions.

1. Explain the factors responsible for ending prosperity.
2. How does economic recession affect the domestic economy? How are the effects of recession spread in foreign markets?
3. What type of monetary and fiscal measures would you follow to remove recession? Explain.

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