

- Q.26 Discuss the concept of normal residents of a country?  
 Q.27 Discuss the factors determining investment?  
 Q.28 Discuss the concepts of average and marginal propensity to save?  
 Q.29 Discuss the concept of circular flow models?  
 Q.30 What is meant by the error of double counting?  
 Q.31 Explain long period marginal propensity to consume?  
 Q.32 Distinguish between intermediate goods and final goods?  
 Q.33 Explain types of investment?  
 Q.34 Explain disposable income?  
 Q.35 Calculate Sales from the following data

S.No	Contents	Rs (in lakhs)
1	Net Value added at Factor Cost	560
2	Depreciation	60
3	Change in Stock	-30
4	Intermediate Cost	1000
5	Exports	200
6	Indirect Taxes	60

### SECTION-D

**Note:** Long answer type questions. Attempt any two questions out of three questions. (2x10=20)

- Q.36 Explain the concept of net national product at market price and net national product at factor cost? Differentiate them?  
 Q.37 What is a consumption function? Discuss various factors affecting consumption function?  
 Q.38 What is inflation? Discuss the different types of inflation?

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**Branch : DBM**  
**Subject:- Managerial Economics**

Time : 3Hrs.

M.M. : 100

### SECTION-A

**Note:** Multiple choice questions. All questions are compulsory.  
(10x1=10)

- Q.1 GNP at MP = \_\_\_\_\_  
 a) GDPMP – Depreciation  
 b) GDPMP + Depreciation  
 c) GDPMP ÷ Depreciation  
 d) GDPMP + Net Factor Income from abroad  
 Q.2 Which measures are followed by the government for handling inflation?  
 a) Monetary measures  
 b) Fiscal measures  
 c) Controlling Investments  
 d) All of these  
 Q.3 Stagflation means:  
 a) Inflation with stagnation  
 b) Recession with stagnation  
 c) Inflation galloping like stage  
 d) Inflation & increase output  
 Q.4 Which of the following items are excluded from GNP measurement?  
 a) Purely Financial transactions  
 b) Transfer of used goods and non-market goods and services

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- c) Illegal activities and the value of leisure  
d) All of these

Q.5 If there is an increase in interest rates than the fixed interest rate of the corporate bond will

- a) Return to the corporation  
b) Decrease in value  
c) Remain unchanged  
d) Increase in value

Q.6 Why are the intermediate goods not included in the National Income while measuring National Income?

- a) It decreases income  
b) To avoid double accounting  
c) Intermediate goods are not good  
d) All of these

Q.7 When price increases due to increase in factor prices it is \_\_\_\_\_

- a) Demand pull inflation  
b) Cost pull inflation  
c) Stagflation  
d) None of the above

Q.8 Depreciation expenses are included in:

- a) GNPMp                    b) NNPMp  
c) NNPFC                    d) None of these

Q.9 Which one is included in National Income?

- a) Rent, Wage, Interest  
b) Rent, Wage, Salary  
c) Rent, Profit, Interest  
d) Rent, Wage, Salary, Interest, Profit

Q.10 Calculation of National Income at Market Prices is known as \_\_\_\_\_

- a) Money income

- b) Real income  
c) Non-monetary income  
d) None of these

### SECTION-B

**Note:** Objective type questions. All questions are compulsory. (10x1=10)

- Q.11 Define real GNP?  
Q.12 Define Inflationary gap?  
Q.13 Can the value of APS be negative?  
Q.14 Give an example of transfer payment?  
Q.15 State two measures by which a central bank can attempt to reduce the inflationary gap?  
Q.16 Differentiate between personal and private income?  
Q.17 What is propensity to consume?  
Q.18 What is national disposable income?  
Q.19 Providing the reason, explain whether the following are included in the domestic product of India?  
· Profits earned by a branch of the foreign bank in India?  
Q.20 What can be the minimum value of investment multiplier?

### SECTION-C

**Note:** Short answer type questions. Attempt any twelve questions out of fifteen questions. (12x5=60)

- Q.21 Differentiate between cyclical and secular consumption function?  
Q.22 Giving reason, explain how should the following be treated while estimating National Income  
(i) Expenditure on free services provided by government.  
(ii) Payment of interest by a government firm.  
Q.23 Explain autonomous investment and real investment?  
Q.24 Write a short note on investment function?  
Q.25 Explain disposable income?