Name : ....

Roll No. : ....

Invigilator's Signature : ....

CS/MBA(OLD)/SEM-1(FT) & 3 (PT)/MB-109/2009-10
2009
MANAGERIAL ECONOMICS-I (MACRO)

Time Allotted : 3 Hours   *Full Marks* : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

GROUP – A
(Multiple Choice Type Questions)

1.   Choose the correct alternatives for the following :

$10 \times 1 = 10$

   i)   Under "Expenditure Method" of measuring N.I., we have

   a) $Y = P.O$

   b) $Y = W + R + I + P$

   c) $Y = C + I + G + (X – M)$

   d) $Y < (W + R + I + P)$.

   ii) In Fisher's Quantity Theory of Money, where $MV = PT$, V implies

   a)   velocity of circulation of money

   b)   vertical distance

   c)   vertical movement

   d)   vicious circle of poverty.

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iii) Disposable income means

    a) income before tax payment

    b) income after tax payment

    c) income after consumption

    d) income before saving.

iv) Demand-pull inflation occurs, when

    a) aggregate demand < aggregate supply

    b) aggregate demand = aggregate supply

    c) aggregate demand > aggregate supply

    d) partial demand < partial supply.

v) Imposition of tariff leads to

    a) decrease in price of importables

    b) decrease in price of exportables

    c) increase in price of importables

    d) decrease in price of domestic product.

vi) IS curve shows the relatioship between

    a) rate of interest & investment

    b) rate of interest & income

    c) investment & income

    d) money supply & money demand.

vii) Increase in the value of marginal propensity to consume

    a) increases the value of multiplier

    b) decreases the value of multiplier

    c) remains constant

    d) none of these.

viii) Philips curve shows a relation between

    a)   deflation & underemployment

    b)   inflation & underemployment

    c)   deflation & unemployment

    d)   inflation & unemployment.

ix) "Net National Product" can be expressed as

    a)   GNP – Depreciation

    b)   GNP + Depreiciation

    c)   PI – Depreciation

    d)   PI + Depreciation.

x) A Keynesian consumption function implies

    a)   change in income > change in consumption

    b)   change in income < change in consumption

    c)   change in income = change in consumption

    d)   change in saving > change in consumption.

GROUP – B
(Short Answer Type Questions)
Answer any *three* of the following.   3 × 5 = 15

2. Differentiate between cost push and demand pull inflations.

3. Discuss the effect of tariff on import in developing countries like India.

4. State the different phases of business cycle.

5. Distinguish between GDP and GNP.

6. Write down the concept of comparative Advantage Theory.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. Explain the Fisher's Quantity theory of money. Highlight the limitations of the theory. $10 + 5$

8. Describe the functions of commercial banks. Mention the credit creation process of commercial banks. $8 + 7$

9. The following data are given for an economy :

   Consumption : $C = 40 + 0{\cdot}75\, Y_d$

   Investment : $I = 140 - 10\, i$

   Government expenditure : $\bar{G} = 100$

   Lumpsum tax $\bar{T} = 80$
   Money demand, $M_d = 0{\cdot}2\, Y - 5i$
   Money supply, $M_s = 85$

   i = interest rate

   a) Find IS & LM equation

   b) Find out equilibrium income Y and interest rate i. $8 + 7$

10. a) Mention the causes of inflation. How can you relate it with Philips curve ?

    b) Differentiate between tariff and quota. $(4 + 6) + 5$

11. a) Explain the simple Keynesian model. Find out the balance budget multiplier.

    b) Suppose an economy is characterized by the following functions :

    $C = 100 + 0{\cdot}8\, Y_d$

    $\bar{I} = 100$

    $\bar{G} = 100$

    $\bar{T} = 100$

    Find the equilibrium level of income. $10 + 5$