MGT206: Macroeconomics

Full Marks: 100
Pass Marks: 35

Candidates are required to give their answer in their own words as far as practicable. The figures in the margin indicate full marks.

Attempt All Questions

Group - 'A'

Brief Answer Questions **[2 x 10 = 20]**

1. What is Macro Economics.
2. If $C = 50 + 0.90Y_d$ and $I = 65$

   Where C = consumption

   Y_d = disposable income

   I = Investment

   Find the level of income and consumption at equilibrium.
3. Explain any two objectives of fiscal policy.
4. Calculate investment multiplier if MPC ½, $^2/_3$, ¾, $^4/_5$.
5. Point out the causes of poverty in Nepal.
6. Define IS curve.
7. Why does saving curves slope upwards?
8. What is speculative demand for money?
9. Explain any two benefits of foreign direct investment.
10. Point out the difficulties to measure national income.

Group - 'B'

Short Answer Questions (attempt any five) **[5 x 10 = 50]**

11. "Saving is vice not virtue? Explain
12. What is trade cycle? Explain the prosperity phase of trade cycle. *(3 + 7)*
13. Define GDP and GNP and calculate GDP at market price and at factor cost from the following data.

Items	Rs. In corers
Net Indirect Taxes	38
Depreciation	34
Net income from abroad	-3
Rent	10
Profit	25
Interest	20
Wages and salaries	170
Employer's contribution to social security scheme	30
Mixed Income	5

14. What is privatization? What are its benefits? *(3 + 7)*

15. Complete the following table and answer the given question.

Y	C	S	APC	MPC	APS	MPS
0	50	-	-	-	-	-
100	125					
200	200					
300	275					
400	350					
500	425					
600	500					

From the above table explain relationship between APC and MPC. *(5+5)*

16. What is Investment? Discuss the important determinants of investment. *(3+7)*

Group - 'C'

Comprehensive Answer Questions (attempt any two) **[2 x 15 = 30]**

17. Explain the Keynesian theory of employment. What criticism had been made against this theory? *(12+3)*

18. What is inflation? Suggest the measures to control inflation. *(3 +12)*

19. What is economic growth? Explain the sources of economic growth with reference to Nepal. *(3+12)*

Chapter 1 Introduction to Macroeconomics

1. Differentiate between stock and flow. [2] [2076]
2. What are the uses of Macroeconomics? [2] [2076]
3. Macro economics is the study of Aggregates. Give reasons. [2] [2075]
4. List out importance of macroeconomics. [2][2074]
5. Point out the scope of microeconomics. [2] [2073]
6. Define macro dynamics. [2] [2072]

Chapter 2 National Income Accounting

1. List out components of gross private domestic investment. [2] [2076]
2. Transfer payments are excluded from GDP. Why? [2] [2075]
3. What is real GDP?[2][2073]
4. What are the difficulties measuring national income in a least developed countries like Nepal? [10][2074]
5. Describe the circular flow of income and expenditure in two sector economy. [15]
6. If the GDP deflator for 2012- 2013 = 275 and GDP deflator for 2013-2014 = 300 what will be the rate of inflation? [2] [2072]Ans – 9.09%
7. Calculate GDP at FC from the following data:

GDP at MP =Rs 2,000 billion, Indirect taxes = Rs, 300 billion, Subsidies = Rs 100 billion.
Ans – Rs, 1,800 bilion.

8. Calculate NNP at FC (NI) from the following data:
   GDP at MP= Rs 5,000 crore, Net indirect taxes= Rs 800 crore, Net factor income from abroad =Rs 1,000 crore, Depreciation (Consumption of fixed capital) =Rs 500 crore[Rs 4,700 crore]
9. Calculate PI from the following data:[Rs 12,400 crore]

Items	Rs in Crore
National income	12,000
Corporate tax	100
Undistributed corporate profit	1,000
Social security contribution	500
Transfer payments	2,000

10. If personal income is Rs 12,400 crore personal taxes (direct taxes) are Rs 1,500 crore and total consumption expenditure of private sector is Rs 10,000 crore, find out disposable income and personal saving. [Rs 10,900 crore and Rs 900 crore]
11. Calculate the GDP deflator when real GDP is rs 3,000 crore and nominal GDP is Rs 3,300 crore. [110]
12. Find out per capita GDP when population is 200 million and GDP is $4 trillion. [2][$ 20,000]
13. Calculate GDP deflator is nominal and 11.37 billion respectively.[2][Rs 153.29]
14. Calculate NI if GNP at MP, depreciation, net indirect taxes are respectively Rs 1000 million, Rs 100 million and Rs 150 million[2][Rs 750 million]
15. Calculate GNP at factor cost when GDP at market price, indirect taxes, subsidies and net factor income from abroad are given Rs 1500 million, Rs 200 million, Rs 100 million and Rs 400 million.[2][Rs 1,800 million]
16. Calculate (a) National income (b) Personal income (c) Dispossable income from the following data:

Item	(Rs in billion)
Wages and Salaries	840
Rent	400
Corporate profit taxes	400

Transfer payment	750
Dividends	1,000
Personal taxes	1,100
Interest	500
Social Security contribution	250
Undistributed profit	400
Mixed income	1,050
Net factor income from abroad	1,500

[NI =Rs 6,090 billion, PI = Rs 5,790 billion, DI = Rs 4,690 billion

17. Calculate (a) National income (b) Personal income (c) Disposable income from the following data:

Item	(Rs in billion)
Wages and Salaries	420
Rent	200
Corporate profit taxes	200
Transfer payment	375
Dividends	500
Personal direct taxes	550
Interest	250
Social Security contribution	125
Undistributed profit	200
Mixed income	525
Net income from abroad	750

[a. Rs 3,045 crore, b. Rs 2,895 crore, c. Rs 2,345 crore]

18. The following are the information of an economy.

S.N.	Heading	Amount(Rs in million)
1	Rent	40
2	Private final consumption expenditure	800
3	Net exports	20
4	Interest	60
5	Profit	120
6	Government final consumption expenditure	200
7	Net domestic capital formation	100
8	Compensation of employees	800
9	Consumption of fixed capital	20
10	Net indirect taxes	100
11	Net factor income from abroad	20

Calculate GNP_{MP} by income method and expenditure method. [5+5][Ans Rs 1,140 million and Rs 1,160 million]

19. Consider the following data and calculate GDP_{MP} , GNP_{MP} , and National Income by Income and expenditure method.

Items	Rs In Crores
Govt. final consumption expenditure	1,100
Profits	720
Net Indirect tax	110
Private final consumption expenditure	1510
Net exports	-20
Compensation of employees	1,200

Rent	200
Interest	270
Net factor income from abroad	30
Mixed income	600
Gross domestic capital formation	710
Depreciation	100

Ans GDP_{MP} = Rs 3,200 Crores, GNP_{MP} = Rs 3,230 Crores and NI =Rs 3,020 Crores

20. With the help of following information calculate GDP_{MP}, GNP_{MP}, and NNP_{MP} by using both income and expenditure method.

Items	Rs in billion
Interest	Rs 590
Proprietor's income	484
Corporate profit	598
Net exports	-134
Consumption expenditure	5164
Capital consumption allowance	878
Indirect business taxes	676
Compensation of employees	4746
Rents	28
Gross private investment	1340
Government purchases o goods and services	1630

Income Method GDP_{MP} = Rs 8000 billion, GNP_{MP} = Rs 8000 billion, and NNP_{MP} = Rs 7122 billion

Expnediture methodDDP_{MP} = Rs 8000 billion, GNP_{MP} = Rs 8000 billion, and NNP_{MP} = Rs 7122 billion

21. Let an economy produces only four goods paddy, cloth, shoes and biscuits. Calculate GDP at MP[Rs 2,830,000], GNP at MP [Rs 3,030,000] and NI [Rs 2,130, 000] from following hypothetical data:

Description	Quantity(Units)	Price (Rs)	Amount (Rs)
Paddy	1000	1000	-
Cloth	5000	500	-
Shoes	2000	400	-
Biscuit	1500	20	
Raw materials used			1,500,000
Net factor income from Abroad			200,000
Net indirect taxes			400,000
Depreciation			500,000

22. A farmer produces wheat and sells to the miler, miler produces flour and sells to the baker. Finally baker produces and sells to the consumers. The income and expenditure accounts of these three industries are given below:

Description	Expenditure (Rs. In billion)	Receipts (billion)
Wheat production		
Wages	160	
Dividends	40	
Interest	0	200
Flour		

Wages	200	
Purchases of wheat	200	
Dividends	80	
Interest	20	500
Bread industry		
Wages	300	
Purchase of flour	500	
Dividends	100	
Interest	100	1,000

Calculate GDP using final product.

Calculate GDP using value added method. [Ans Rs 1,000 billion Rs 1,000 billion]

23. From the following hypothetical data, calculate GDP at market price and GDP at factor cost: [Rs 332 crore and Rs 294 crore]

Items	Rs in Crore
Net indirect taxes	38
Depreciation	34
Net income from abroad	-3
Rent	10
Profit	25
Interest	20
Wages and Salaries	170
Employer's contribution to social security scheme	30
Mixed income (income from self employment)	5

24. Consider the following hypothetical national income data and answer the following questions:

Items	Rs in Billion
Interest	25
Net factor income from Abroad	-5
Net indirect taxes	40
Royalty	5
Wages and Salaries	240
Depreciation	50
Profits	30
Rent	10

Calculate NDP at FC and GDP at MP. [Rs 310 billion, Rs 400 billion]

Calculate GNP at MP and NNP at FC.[Rs 395 billion, Rs 305billion]

Calculate national income (NI) [Rs 305 billion]

25. Calculate NI, PI, DI and personal saving from the following hypothetical data:

Items	Rs in Million
Wages and Salaries	2,000
Mixed income from self employment	1,000
Rental income	300
Interest income	500
Dividend	3,000
Undistributed profit	1,000
Corporate income tax	600
Depreciation	250

Net factor income from Abroad	200
Indirect taxes	1,000
Subsidies	500
Personal taxes	500
Transfer payments	800
Social security contribution	1,000
Private Consumption	5,000

[Rs 8,600 million, Rs 6,800 million, Rs 6,300 million , Rs 1,300 million]

26. Calculate NI, PI, DI and personal saving from following hypothetical national income data:

Items	Rs in million
GDP at MP	10000
Net Indirect Taxes	2000
Depreciation	1000
Net factor income from abroad	1500
Undistributed corporate profit	500
Corporate income taxes	1000
Dividend	3000
Social Security contribution	500
Transfer payment	1500
Private consumption expenditure	6000
Personal taxes	500

[Rs8,500 million; Rs 8,000 million; Rs 7,500 million ; Rs 1,500 million]

27. Consider the following hypothetical national income data and answer the following questions:

Items	Rs in Crore
Consumption of fixed capital (Depreciation)	600
Government expenditure	2000
Net factor income from abroad	100
Private final consumption expenditure	8000
Net exports	-100
Opening stock	300
Closing stock	400
Gross private investment	2300

Calculate GDP at MP[Rs 12200 crore]
Calculate GNP at MP [Rs 12300 crore]

28. Calculate GDP at MP, GDP at FC, GNP at MP and GNP at FC from the following hypothetical data:

Items	Rs in crore
Private final consumption expenditure	290
Government final consumption expenditure	50
Gross domestic fixed capital formation	105
Indirect taxes	50
Depreciation	45
Net factor income from Abroad	-5
Net addition to stock	15
Net export	-5

[Rs 455 crore, Rs 405 crore, Rs 450 crore, Rs 400 crore]

29. Consider the following hypothetical national income data and answer the following questions:

Items	Rs in million
Private consumption expenditure	5000
Gross private investment	2500
Government expenditure	1500
Export	500
Import	1500
Depreciation	900
Net factor income from Abroad	2000
Indirect taxes	1000
Subsidies	500

Calculate GDP at FC and NDP at FC.[Rs 7500 million, Rs 6600 million]
Calculate GNP at MP and GNP at FC[Rs 10,000 million Rs 9500 million]
Calculate NNP at FC and NI[Rs 8600 million; Rs 8600 million]

30. Calculate GDP at MP and GNP at MP from the following data by both income and expenditure method

Items	Rs in crore
Rent	20
Private final consumption expenditure	400
Interest	30
Dividends	45
Undistributed profits	5
Corporate tax	10
Government final consumption expenditure	100
Net domestic capital formation	50
Compensation of employees	400
Depreciation	10
Net indirect taxes	50
Net factor income from abroad	-10
Net export	10

[Rs 570 crore Rs 560 crore]

31. Calculate GDP deflator from the following hypothetical data and also calculate rate of inflation:

Year	Nominal GDP(Billion)	Real GDP (Billion)	GDP Deflator	Rate of inflation
2010/11	2000	1800	-	-
2011/12	2200	1900	-	-
2012/13	2500	2000	-	-
2013/14	3000	2100	-	-

Ans GDP DEFLATOR 111.11; 115.76; 125.00; 142.86; 4.21; 7.95; 14.29]

32. Calculate real GDP from the following hypothetical data:

Year	Nominal GDP (Rs in million)	GDP Deflator (Base year 2010/11)	Real GDP
2011/12	18000	112.25	-
2012/13	20000	115.75	-
2013/14	25000	122.55	-

[Rs 16,035.63; 17,278.61, 20,399.84]

Chapter 3 Classical Theory of Employment

1. What is voluntary unemployment.[2][2075]
2. What is meant by disguised unemployment? [2][2074]
3. What are the various types of unemployment? [2][2073]
4. Define voluntary unemployment. [2][2072]
5. Explain the process of labour market equilibrium in relation to achieve full employment. [10][2074]
6. Discuss the classical theory of employment. [15][2076]

Chapter 4 Kaynesian Macroeconomics

1. Write any four objective determinants of consumption function [2][2076]
2. What is MEC schedule? [2][2076]
3. What is the cause of unemployment according to Keynes? [2][2076]
4. What are the types of saving? [2][2076]
5. How do you differentiate between financial investment and real investment? [2][2074]
6. Point out the propositions of psychological law of consumption described by Keynes. [2][2072]
7. Prove that the sum of APC and APS is equal to unity. [2][2072]
8. Introduce two sector economy. How is national output determined under it? [2+8][2076]
9. Explain the psychological law of consumption. [10][2075]
10. What is induced investment? Explain the long-run determinants of investment. [10][2075]
11. Explain the Keynesian theory of employment. [10][2075]
12. Define investment. What do you mean by induce and autonomous investment? [2+6][2072]
13. What is investment multiplier? Explain the process of income generation by multiplier process. [5+10][2075]
14. What do you mean by 'Principle of Effective Demand'? How is it determined? [5+10]
15. Explain the Keynesian theory of employment. [15]
16. The consumption function of an economy is given C = 60+ 0.8 y where y is national income. I f the investment in a year equals to 65 crore, what will be the equilibrium level of nationalincome. [2][Rs 625 Crores]
17. Find out the rate of MPS and multiplier when MPC is 0.75[2][2074][0.25 and 4]
18. Let, in an economy, autonomous investment (I_a) =Rs 600 million and consumption function © = 200+0.8y. Complete the equilibrium level of income and consumption. [2][2074][Rs 4000 million and Rs 3400 million]
19. If MPCis 0.5, what will be the investment multiplier? [2][2073][2]
20. Suppose I=70 billion and C = 860 + 0.80 Y. Find the equilibrium level of output? [2][2073][Rs 4650 billion]
21. Compute MPC when ΔY_d = 50 and Δ C=20.[2][2072][MPC = 0.4]
22. What will happen to multiplier when MPC is zero? [Ans 1]
23. If Y = 50, and C = 60, find out value of APC [1.2]
24. Calculate the investment multiplier if MPC = ½, ¾ and 4/5, [2, 4, 5]
25. If C = 50+0.90Y and I = 65
    Where, C = Consumption Y_d = Disposable Income I = Investment Find the level of income and consumption at equilibrium. [Ans 1,150 and 1,085]
26. If C = Rs 150 billion and Y = Rs 200 billion, Calculate the value of APC [0.75]
27. Find out value of MPC when Rs 50 million increase in income causes to Rs 40

million increase in consumption. [0.8]

28. Find out saving function when consumption is C = 75+0.8 Y [S= -75 + 0.2Y]
29. Find out equilibrium national income when C = 500+0.75 Y and I =Rs 1000 crore. Also fond out consumption and saving. [Ans Y= Rs 6000 crore, C = Rs 5000 crore and S = Rs 1000 crore]
30. Find the coefficient of investment multiplier when MPC= 2/5 and MPS = 0.25
31. Find the coefficient of multiplier from the following consumption function: C = 200+0.9 Y [Ans 10]
32. From the following saving function calculate the coefficient of multiplier S= -200+ 0.4 Y [2.5]
33. If value of multiplier is 5, what is the value of MPC and MPS?[0.8 AND 0.2]
34. In an economy, actual level of income Rs is 500 billion and MPC is 0.75. Calculate the increase in investment required to achieve output of Rs 800 billion. [Rs 75 bilion]
35. Complete the following schedule:[10][2076]

MPC = 0.8

Period	∆Ia	∆Y	∆C	∆S
T_1	10,000	-	-	-
T_2		-	-	-
T_3		-	-	-
All other periods		-	-	-
Total		-	-	-

Ans

Period	∆Ia	∆Y	∆C	∆S
T_1	10,000	10,000	8000	2000
T_2		8000	6400	1600
T_3		6400	5120	1280
All other periods		25600	20480	5120
Total		50000	40000	10000

36. Consider the following table and answer the questions given below: [2075]

Aggregate output' Income	Consumption	Planned Investment
400	410	20
450	450	20
500	490	20
550	530	20
600	570	20
650	610	20
700	650	20
750	690	20

At each level of output calculate saving APC and MPC. What is the equilibrium level of output? [APC = 1.025; 1; 0.98; 0.95; 0.93; 0.92; 0.92, MPC = 0.8 at each level of output and equilibrium level of output = 550]

Let the planned investment increases by 30 units. Recompute the table and calculate the equilibrium level of output. [700]

37. Complete the following table and answer the given questions. [2074][5+5]

Income	Consumption	Saving	APC	MPC	APS	MPS
100	150					
200	200					

300	250					
400	300					
500	350					
600	400					

Derive the consumption and saving curve according to this schedule.

Income	Consumption	Saving	APC	MPC	APS	MPS
100	150	-50	1.5	-	-0.5	-
200	200	0	1	0.5	0	0.5
300	250	50	0.83	0.5	0.17	0.5
400	300	100	0.75	0.5	0.25	0.5
500	350	150	0.7	0.5	0.3	0.5
600	400	200	0.66	0.5	0.34	0.5

38. Considering the following table answer the following questions

Period	T_1	T_2	T_3	T_4	T_5	T_6
Disposable income	0	3000	6000	9000	12000	15000
Consumption	1500	3000	4500	6000	7500	9000

Derive the linear consumption and saving function [C = 1500+0.5Y]
Derive saving MPC, APC, MPS AND APS. [S = -1500+0.5Y]

39. If the consumption and investment are given as C = 860 + 0.8Y and I = 70
    a. What will be the equilibrium income? [4][4650 billion]
    b. Calculate the value of multiplier. [2][5]
    c. If autonomous investment increases by 20 what will be the new equilibrium income? [4][6750 billion]

Chapter 5. Income Determination (IS- LM) MODEL: Hicks – Hansen Approach

1. What is LM curve? [2][2074][2073]Derive. [10][2076]
2. Show the equilibrium of IS.LM in diagram. [2][2072]
3. How is product market equilibrium derived? Explain with the help of IS curve. [10]
4. If Y = Rs 10,000 , C = Rs8,000 and I = 4,000- 6000 I, Find rate of interest. [2][0.333]
5. If C = 10+0.5 Y, and I = 200-2000i. Find Y. [420-4000i which is the IS – equation][2]
6. Find LM equation from the following demand for money and supply of money function: [2]
   M_s = 150; M_t = 0.5 Y; M_{sp} = 150-1500i[Y = 3000i which is the LM equation]
7. Find equilibrium rate of interest and level of income, IS- schedule, Y = 420- 4000i LM schedule Y = 3000i [0.06 and 180][2]
8. Suppose the product and money market model is given a s C= 100+ 0.8 Y; I = 110- 5I; M_S= 450, M_t = 0.5Y, M_{SP} = -4i Find
   a. IS AND LM functions [Y = 1050-2.5i; Y = 900+8i
   b. Equilibrium rate of interest and level of income [i=14.28 and Y = 693]

Chapter 6 Inflation

1. State the essence of wage-push inflation. [2][2076]
2. Define deflation. [2][2075]
3. Explain the effects of inflation on production and distribution, [10][2075]
4. Define inflation. Explain demand pull inflation. [3+7][2073]
5. Explain cost-push inflation. [10][2072]
6. Explain the principle of demand –pull inflation. How can it be controlled by monetary policy? [8+7][2076]
7. Explain the demand pull inflation with suitable diagram. Whar are its causes. [8+7][2074]
8. If PIN for all goods was increased from 124.5 in 2005-06 to 131.5 in 2006-07, Find

inflation rate. [5.62%]

9. Suppose nominal GNP in 2011-12 was 30 crore and real GNP was Rs 25 crore, find GNP deflator for 2011-12 and rate of inflation. [120 an d20%]
10. If GDP deflator in 2007eas 100.50 and 2008 was 105.50, find the rate of inflation. [4.97%]
11. If CPI of 2012 was 9.25% and was increased to 11.25% in 2013, find rate of inflation. [21.62 %]
12. From the following table, compute real GNP deflator and rate of inflation

Year	Nominal GNP	Real GNP	CPI
2010-11	4,414	13,759	128
2011-12	5,158	14,535	151

Descriptive/ Short Answer Questions

13. The value of nominal and real GNP are given below:

Year	Nominal GNP	Real GNP	GNP deflator(%)	Rate of inflation (%)
2000-01	470,269	208,481		
2001-02	542,691	209,621		
2002-03	618,961	220,489		
2003-04	719,548	233,508		
2004-05	843,294	249,903		

Derive the value of GNP deflator and rate of inflation

Year	Nominal GNP	Real GNP	GNP deflator(%)	Rate of inflation (%)
2000-01	470,269	208,481	225.57	-
2001-02	542,691	209,621	258.89	14.77
2002-03	618,961	220,489	280.72	8.43
2003-04	719,548	233,508	307.76	9.63
2004-05	843,294	249,903	337.45	9.64

14. Consider the following hypothetical table

Year	National GDP	GDP Deflator(%)	Real GDP(2006 as base year)	Rate of inflation (%)
2009	9756.5	102.65		
2010	10023.2	104.72		
2011	11065.6	106.75		
2012	12766.8	109.20		
2013	14541.7	111.55		

Year	National GDP	GDP Deflator(%)	Real GDP(2006 as base year)	Rate of inflation (%)
2009	9756.5	102.65	9504.63	-
2010	10023.2	104.72	9571.43	2.01
2011	11065.6	106.75	10365.90	1.93
2012	12766.8	109.20	11691.21	2.29
2013	14541.7	111.55	13036.04	2.15

15. From the following data compute
    a. Real GNP[Rs 23759.32, Rs24,535.06]
    b. GNP deflator and rate of inflation[228.1 and 251.0][10.04%]

Year	Nominal GNP(in billion)	Wholesale PIN(2000-01 = 100)
2005-06	54,195	228.1

2006-07	51,583	251.0

16. Construct CPI number for the year 2013 from the data given below. Find inflation rate.

Commodity	Base year 2012		Price in 2013
	Price (p_o)	Quantity (q_o)	
Orange	12	15	16
Mango	15	10	18
Apple	17	8	19

Ans 122.75 and 22.75%

17. From the following data compute CPI what change in the consumer price index of 2008 has taken place as compared to 2007? [148.50]

Items	Weight	Price in 2007	Price in 2008
Food	50	150	180
Rent	15	50	70
Clothing	5	100	150
Fuel	10	20	40
Misc.	20	60	120

Chapter 7 Business Cycles

1. What is meant by trough in trade cycle? [2] [2074]
2. What are the various phases of trade cycle? [2] [2072]
3. Explain the depression phase of trade cycle. What types of fiscal instruments would you suggest to remove it. [2][2076]
4. Define trade cycle. Explain the various phases of trade cycle. [3+12][2073]
5. Explain depression phase of trade cycle. How can it be removed by the fiscal policy? [15][2072]

Chapter 8 Monetary Theory

1. Define exchange rate. [2][2076]
2. State the motives for demand for money according to Keynes. [2][2075]
3. Point out the objectives of monetary policy. [2][2074]
4. What are the motives of demands for money according to Keynes. [2][2073]
5. Point out any four objectives of monetary policy. [2] [2073]
6. Define money supply. What are its determinants? [10] [2075]
7. Define monetary policy. What are the major instruments of monetary policy? [15][2075]

Chapter 9 Government Finance

1. What is budget? [2][2076]
2. Write the methods of deficit financing. [2] [2075]
3. Point out any four objectives of fiscal policy. [2][2072]
4. What is fiscal policy? What are its objectives? [3+7][2074]
5. Define government budget. Explain the components of government budget with reference to Nepal. [3+7][2074][1][2073]
6. What are the various sources of government revenue? [10][2072]

Chapter 10 Contemporary Issues (with reference to Nepal)

1. State the methods of privatization. [2] [2075]
2. Distinguish between absolute poverty and relative poverty. [2][2075]
3. Write any four demerits of foreign direct investment. [2][2075]
4. Explain any two causes of economic inequality in Nepal. [2][2074]

5. Point out various causes of poverty. [2] [2074][8][2073]
6. Point out advantages of privatization. [2] [2073]
7. Point out advantages of foreign employment. [2][2073][2072][8][2075][12][2073]
8. What is poverty? Describe methods to alleviate it.[10][2076][2073]
9. Explain the concept of economic growth and economic development. In what respect they differ with each other? [6+4][2076]
10. Explain current situation of foreign employment in Nepal. [5][2075]
11. Write merits and demerits of globalization for a country like Nepal. [10][2074]
12. What is foreign employment? [3][2073]
13. Define privatization. What are its advantages and disadvantages in Nepal?[15][2072]