	Utech
Name:	A
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Inviailator's Signature :	

CS / MMA / SEM-1 / MMA-104 / 2010-11 2010-11

MANAGERIAL ECONOMICS (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

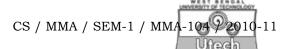
(Multiple Choice Type Questions)

- 1. Choose the correct alternatives for the following: $10 \times 1 = 10$
 - i) Aggregate supply is the total amount
 - a) of goods and services produced in an economy
 - b) produced by the government
 - c) of labour supplied by all households
 - d) of products produced by a given industry.
 - ii) Inflation is
 - a) a decrease in the overall price level
 - b) an increase in the overall economic activity
 - c) a decrease in the overall level of economic activity
 - d) an increase in overall price level.

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- iii) Unemployment means that
 - a) people are not willing to work at the going wage
 - b) there is excess demand in the labour market
 - c) at the going wage rate, there are people who want to work but cannot find work
 - d) there are some people who will not work at the going wage rate.
- iv) The marginal propensity to consume equals 1 minus the
 - a) marginal propensity to invest
 - b) marginal propensity to save
 - c) marginal propensity to import
 - d) marginal propensity to pay taxes.
- v) Which of the following are included in autonomous expenditure?
 - a) Investment
 - b) Government purchase
 - c) Autonomous consumption expenditure
 - d) All of these.
- vi) A decrease in a country's tariffs will
 - a) change its imports or exports as per price elasticities of export and import demand
 - b) increase both its imports and exports
 - c) increase its imports but not its exports
 - d) increase its exports but not its imports.

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- vii) The phase of the business cycle in which real domestic output decreases is called
 - a) the peak
- b) a recovery
- c) a recession
- d) none of these.
- viii) The Keynesian Economics is a
 - a) Demand determined model
 - b) Supply determined model
 - c) both Demand & Supply determined
 - d) None of these.
- ix) The value of Balanced Budget multiplier is the simple Keynesian Model is equal to
 - a) less than 1
- b) greater than 1

c) 1

- d) zero.
- x) In the classical model prices are
 - a) fixed
 - b) flexible
 - c) fixed for some commodities
 - d) none of these.

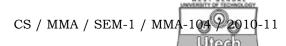
GROUP - B

(Short Answer Type Questions)

Answer any three of the following.

 $3 \times 5 = 15$

- 2. Distinguish between Balance of Payment and Balance of Trade.
- 3. State the different methods for measuring national income.
- 4. Discuss what variables will shift the position of the LM schedule?



- 5. Define Monetary Policy. Mention the different instruments of Monetary Policy.
- 6. Write the causes of demand pull and cost push inflation.

GROUP - C

(Long Answer Type Questions)

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

7. Define growth and development. Differentiate between growth and development. Describe the ways by which we can measure economic development of a country.

3 + 5 + 7

8. Briefly explain the Life Cycle Theory of consumption and Permanent Income Hypothesis. What is Ratchet effect?

10 + 5

- 9. Define "Say's Law". According to the classical economists, why cannot an economy face the problem of overproduction or underproduction and unemployment? What is Classical Dichotomy?
 3 + 8 + 4
- 10. Write down the absolute advantage of trade and compare it with comparative advantage of trade.6 + 9
- 11. Write the difference between Classical theory of employment and Keynesian theory of employment. What is Quantity theory of money and crowding out effect? 9 + 6

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