

INTERNATIONAL ISLAMIC UNIVERSITY CHITTAGONG

Department of Economics & Banking
Mid-Term Examination; Program: BSS
Semester: Spring-2023

35

Course Code: ECON-1201
Time- 90 minutes

Course Title: Principles of Macroeconomics
Marks-30

Answer the following questions

(Different parts of the same question should be answered serially)

Sl.	Description of Question	Marks	CLOs	Bloom's taxonomy
1.	a) 'Macroeconomics is the study of the behavior of entire economy'- Discuss.	3	CLO 1	Evaluating
	b) Discuss the major issues in Macroeconomics.	4	CLO 1	Understanding
	c) How is macroeconomics different from microeconomics?	3	CLO 2	Understanding
2.	a) What is GNP? How is GNP different from GDP? Can they be ever equal? Explain.	3	CLO 3	Analyzing
	b) How is real GNP/GDP different from nominal GNP/GDP? In what sense real GNP/GDP is a good measure of the economy compared to nominal GNP/GDP.	4	CLO 4	Analyzing
	c) Are national income (NI) and personal disposable income same?	3	CLO 5	Analyzing
Or.	a) Briefly discuss the circular flow of income and expenditure among different sectors of an economy.	4		Analyzing
	b) How does the double-counting problem occur? What is the simplest way to avoid it?	3	CLO 5	Analyzing
	c) Consider the following data (measured in thousand-dollar) Net National Product at market price = 4410.30 Depreciation = 555.50 Home Factors Income at Foreign=218.20 Foreign Factors Income at Home= 69.10 Government transfers = 212.00 Personal Taxes = 404.00 Indirect Taxes Minus Subsidies= 100.00 Employing the data given above, find out GNP, GDP, NI, and Disposable Income.	3		

3. a) What does the consumption function show? What are the properties of the Keynesian consumption function? 4 CLO 5 Applying
- b) You are given the following consumption function-
 $C = 100 + 0.85Y_d$
Where, C stands for consumption expenditure, and Y_d stands for disposable income 6 CLO 3 Applying
- i) Interpret autonomous consumption and marginal propensity to consume.
- ii) Delineate the saving function.
- iii) Interpret autonomous saving and marginal propensity to save.
- iv) What will be the APC and APS when disposable income is Tk1000?
- v) For the above consumption function, show that-
 $APC + APS = 1$, $MPC + MPS = 1$