International Islamic University Chittagong
Department of Business Administration
Mid Term Examination
Semester: Autumn-2023; Program: BBA
Course Code: ECON-2302; Course Title: Macroeconomics

Full Marks 30 — **Time: 1 Hour 30 min**

All parts of the same question must be answered serially.

			Marks	CLO	H/L order
1.	a)	Macroeconomics is all about aggregation. Explain. Distinguish between open and closed economy.	2	CLO1	Understand
	b)	Why is it important to understand the different stages of the business cycle? Mark the position of Bangladesh economy on the diagram of Business cycle.	3	CLO2	Apply
	c)	What do you mean by economic growth? How do you measure the performance of an economy? Find out the economic growth from the hypothetical data and also interpret the result.	5	CLO3	Analyze
2.	a)	Distinguish between gross national product (GNP) and gross domestic product (GDP) with examples.	2	CLO1	Understand
	b)	Demonstrate the circular flow of national income for a two sector economy.	3	CLO2	Analyze
	c)	Which of the following transactions are included in gross domestic product, and by how much does each raise GDP? i. Smith pays a carpenter $50,000 to build a garage. ii. Smith purchases $10,000 worth of materials and builds himself a garage, which is worth $50,000. iii. Smith goes to the woods, cuts down a tree, and uses the wood to build himself a garage that is worth $50,000. iv. You sell a used economics textbook to your college bookstore for $60. v. You buy a new economics textbook from your college bookstore for $100.	5	CLO3	Apply

OR

			Marks	CLO	H/L order
	a)	"GDP is not the standard measurement of welfare" explain this statement.	2	CLO1	Understand
	b)	How do you measure the GDP by Income approach.	3	CLO2	Analyze
	c)	You are given the following data	5	CLO3	Apply

Year	2020	2021	2022
Nominal GDP	31705	35302	39717
Real GDP	26501	28339	30351
Consumption Expenditure	23120	26356	29698
Investment Spending	9926	10950	12729
Government Expenditure	5015.8	5389.8	5935
Imports	4297.6	5146.1	8023.5
Exports	2783.5	3130	4789.6

Note: Figures are in billion Tk. Base year is 2006.
Source: BBS, Finance Division, Bangladesh Bank.

i. Determine Nominal GNP for the year 2020.
ii. What will be the national income in expenditure method?
iii. Determine the GDP deflator for the years 2021 and 2022.
iv. Find out the rate of inflation for the year 2022 and explain
v. The real GDP for all the years are less than the nominal GDP. Why?

			Marks	CLO	H/L order
3.	a)	Distinguish between Recessionary gap and inflationary gap with graphs. Mark the position of Bangladesh economy on the graph	2	CLO1	Understand
	b)	How do you analyze "the demonstration effect and status effect" in Relative income hypothesis. Illustrate graphically.	3	CLO2	Apply
	c)	Suppose $C=120+0.75Y_d$, $I=100$, $G=70$, $X-M=30$ i. Determine the autonomous consumption and interpret it. ii. Interpret the value of APC and APS when disposable income is $1000. iii. Determine the value of MPC, MPS and comment. iv. What will be the equilibrium level of national income and consumption expenditure?	5	CLO3	Analyze