

**INTERNATIONAL ISLAMIC UNIVERSITY CHITTAGONG**  
**Department of Economics & Banking**  
**Mid-Term Examination; Program: BSS**  
**Semester: Autumn-2023**  
**Course Code: ECON-1201; Course Title: Principles of Macroeconomics**  
**Time- 90 minutes; 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)	Why is there a need for a separate theory of macroeconomics? Explain.	4	CLO 1&2	Understanding
	b)	Briefly Discuss the major issues and concerns of Macroeconomics.	4	CLO 1&2	Understanding
	c)	Briefly explain the origin and roots of Macroeconomics.	2	CLO 1&2	Evaluating
2.	a)	Distinguish between Net Domestic Product at market price ( $NDP_{MP}$ ) and Net Domestic Product at Factor Cost ( $NDP_{FC}$ )	3	CLO 3,4&5	Analyzing
	b)	Is the gross domestic product (GDP) a true indicator of the welfare of society? Explain.	4	CLO 3,4&5	Evaluating
	c)	How does CPI differ from GDP deflator?	3	CLO 3,4&5	Analyzing
Or,	a)	Briefly discuss the circular flow of income and expenditure in four sectors of an economy.	4		Analyzing
	b)	Consider the following data(measured in Crore) Sales by firm A =200 Purchases from B by firm A =80 Purchases from A by firm B =120 Sales by firm B =400 Closing stock of firm A =40 Closing stock of firm B =70 Opening stock of firm A=50 Opening stock of firm B=90 Indirect taxes paid by both firms = 60 Employing the data given above, find out: 1. Value added by firms A and B 2. Gross Domestic Product at market prices and factor cost	6	CLO 3,4&5	Evaluating

3.	a)	What does the consumption function show? Explain the objective factors which determine consumption expenditure in the economy.	4	CLO 3&5	Understanding/ Applying
	b)	<p>You are given the following consumption function-</p> $C = 150 + 0.80Y_d$ <p>Where, C stands for consumption expenditure, and <math>Y_d</math> stands for disposable income</p> <p>i) Interpret autonomous consumption and marginal propensity to consume.</p> <p>ii) Delineate the saving function.</p> <p>iii) Interpret autonomous saving and marginal propensity to save.</p> <p>iv) What will be the APC and APS when disposable income is Tk1000?</p> <p>v) For the above consumption function, show that-</p> $APC + APS = 1, \quad MPC + MPS = 1$	6		Applying