International Islamic University Chittagong

Department of Electrical and Electronic Engineering

B. Sc. Engineering in EEE

Midterm Examination, Spring 2024

Course Code: **ECON 3501** Course Title: **Principle of Economics**

Time: 1 hour 30 minutes Full Marks: 30

(i) Answer all the questions. The figures in the right-hand margin indicate full marks.

(ii) Course Outcomes (COs) and Bloom's Levels are mentioned in additional Columns.

Course Outcomes (COs), Program Outcomes (POs) and Bloom's Levels (BL) of the Questions			
CO	**CO Statements**	**PO**	**BL**
CO1	**Explain** the knowledge of the fundamental concepts and theories of micro and macro-economics.	**PO11**	**C1,C2**
CO2	**Analyze** the key indicators of economic growth.	**PO11**	**C4**
CO3	**Compare** the economic theories and concepts to analyze behaviour of individuals, firms and nations to act as a responsible citizen.	**PO11**	**C5**

Bloom's Levels (BL) of the Questions						
Letter Symbols	**C1**	**C2**	**C3**	**C4**	**C5**	**C6**
Meaning	Remember	Understand	Apply	Analyze	Evaluate	Create

1)	a)	"Economic problem consists in making decisions regarding the wants to be pursued and the resources to be used for the achievement in satisfying wants."- Explain the fundamental Economic problems with example	**CO2**	**C2**	**5**
1)	b)	Create a thorough circular flow model of economic activity that illustrates the fundamental connections between two essential economic factors.	**CO2**	**C2**	**5**
2)	a)	The demand function of two commodities A and B are D_A= (Last two digits of your student ID)-P_A-2P_B, D_B= 6-P_A-P_B and the corresponding supply functions are $\mathbf{S_A = -3+ P_A+ P_B}$, $\mathbf{S_B = -2 + P_B}$, Where P_A and P_B denote the prices of A and B respectively. Find: i. The equilibrium prices, and ii. The equilibrium quantities exchanged in the market.	**CO2**	**C1, C2**	**5**
2)	b)	Discuss the types of elasticity of demand with example. Suppose the price of coffee rises from Tk. 6.00 per 100 grams to Tk.8 per 100 grams and as a result the consumers demand for tea increases from 50 grams to 60 grams. Then find the cross elasticity of demand of Tea for Coffee.	**CO2**	**C5**	**5**
3)	a)	As the cost of MacDonald's cheeseburgers rises, we anticipate a decline in Coca-Cola demand. Provide arguments in favor of your response.	**CO1**	**C3**	**5**
3)	b)	If the supply curve shifts left and there is also an increase in demand what happens to equilibrium price and quantity?	**CO1**	**C5**	**5**

Or,

3)	a)	Explain the types of returns to scale with example.	**CO1**	**C3**	**5**
3)	b)	Describe indifference curve and its properties with example? How we can draw indifference curve?	**CO1**	**C5**	**5**