

International Islamic University Chittagong

Department of Economics & Banking

Midterm Examination : Autumn - 2022

Program: BSS (Hons) in Economics & Banking

Course Code: ECON-2402

Course Title: Intermediate Macroeconomics

Time: 1.5 hours

Full Marks: 30

[Answer any Three of the following questions. All parts of a question must be answered sequentially. Figures in the right margin indicate full marks.]

| QN | Description of Questions | Marks |
|-------|--|-------|
| 1(a). | Give the explanation of 'I' and 'S' of IS curve? Construct it from the good market equilibrium. | 4.0 |
| 1(b). | If interest rate sensitivity of investment increases (remaining other unchanged) then what change you identify in the slope of IS curve. Graphically explain. | 3.0 |
| 1(c). | Consider an increase in autonomous government expenditure. Now what is the position of IS curve? Explain with necessary graph. | 3.0 |
| 2(a). | Interest rate and income are positively related through LM curve but inversely related through IS curve. Can you identify the reasons behind this? | 3.0 |
| 2(b). | Verify the factors which determine the slope and position of LM curve. | 7.0 |
| 3(a). | Distinguish between M1 and M3. | 3.0 |
| 3(b). | Illustrate the evolution of modern payment system of Bangladesh. | 3.0 |
| 3(c). | Evaluate the instruments of expansionary monetary policy. | 4.0 |
| 4(a). | Define the functions and roles of money in a modern economy. | 3.0 |
| 4(b). | Design the money creation process of the commercial banking system with proper example. | 3.0 |
| 4(c). | Estimate the different determinants of money supply of an economy. | 4.0 |