BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(END SEMESTER EXAMINATION)

CLASS: IMSc.   SEMESTER : III
BRANCH: QEDS   SESSION : MO/2022

SUBJECT: ED205 INTRODUCTORY MACROECONOMICS

TIME: 3:00 Hours   FULL MARKS: 50

INSTRUCTIONS:
1. The question paper contains 5 questions each of 10 marks and total 50 marks.
2. Attempt all questions.
3. The missing data, if any, may be assumed suitably.
4. Before attempting the question paper, be sure that you have got the correct question paper.
5. Tables/Data hand book/Graph paper etc. to be supplied to the candidates in the examination hall.

Q.1(a)   Compare Gross Domestic Product and Gross National Product. [CO1]   [2]
Q.1(b)   Explain three ways of measuring Gross Domestic Product. [CO1]   [3]
Q.1(c)   Explain the circular flow of economy. [CO1]   [5]

Q.2(a)   Write and describe the consumption function. [CO2]   [2]
Q.2(b)   Explain the paradox of thrift. [CO2]   [3]
Q.2(c)   Suppose the investment increase by Rs. 500 crores. It leads to an increase in income of Rs. 670   [5]
         crores. What is the marginal propensity to consume? [CO2]

Q.3(a)   Graphically show limitations of monetary policy in liquidity trap. [CO3]   [2]
Q.3(b)   Evaluate the impossible trinity. [CO3]   [3]
Q.3(c)   Graphically describe the monetary policy in long run. [CO3]   [5]

Q.4(a)   Write and explain the Short Run Aggregate Supply function. [CO4]   [2]
Q.4(b)   The sticky wage model suggests that "The real wages should be counter-cyclical". Is this true in real   [3]
         world? Discuss. [CO4]
Q.4(c)   Derive the sticky price model of aggregate supply. [CO4]   [5]

Q.5(a)   The population of a country is 1458. People not participating in labour force are 385 and 120 are   [2]
         below 18 who don't work. The unemployed people are 237. Calculate the Labour force participation
         rate and unemployment rate. [CO5]
Q.5(b)   Graphically explain the Long Run Phillips curve. [CO5]   [3]
Q.5(c)   Derive the Phillips curve from Short Run Aggregate Supply function. [CO5]   [5]

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