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

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

SUBJECT: ED205 INTRODUCTORY MACROECONOMICS

TIME: 2 HOURS   FULL MARKS: 25

INSTRUCTIONS:
1. The total marks of the questions are 25.
2. Candidates attempt for all 25 marks.
3. Before attempting the question paper, be sure that you have got the correct question paper.
4. The missing data, if any, may be assumed suitably.
5. Tables/Data hand book/Graph paper etc. to be supplied to the candidates in the examination hall.

				CO	BL
Q1	(a)	What are the three ways of measuring GDP?	[3]	CO1	
Q1	(b)	What are the advantages of using GDP deflator?	[2]	CO1	
Q2	(a)	An increase in investment leads to an increase in income of Rs. 500 crores. If the marginal propensity to consume is 0.34, then what was the increase in investment?	[2]	CO1	
Q2	(b)	The real GDP growth for year 2001 (compared to year 2000) is 10%. Nominal GDP growth for year 2001 (compared to year 2000) is 14%. The real GDP in 2001 is Rs. 29453 crores and nominal GDP in 2001 is Rs. 35712 crores. What is the real and nominal GDP for the year 2000? Also calculate the GDP deflator for the year 2000 and 2001.	[3]	CO1	
Q3	(a)	Explain the paradox of thrift.	[2]	CO2	
Q3	(b)	Can you explain the economic recession due to Covid-19 pandemic by paradox of thrift?	[3]	CO2	
Q4	(a)	Show that demand side economy can be written as S = I + NX.	[2]	CO3	
Q4	(b)	Graphically derive IS Curve.	[3]	CO3	
Q5	(a)	Explain what will happen to real money supply if Nominal money supply increases by 4 times and prices fall 2 times.	[2]	CO3	
Q5	(b)	How will optimistic consumer expectations shift the IS curve?	[3]	CO3	

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