

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

CLASS: IMSC  
BRANCH: CQEDS

SEMESTER : III  
SESSION : MO/2025

SUBJECT: ED24205 INTRODUCTORY MACROECONOMICS

TIME: 02 HOURS

FULL MARKS: 25

**INSTRUCTIONS:**

1. The question paper contains 5 questions each of 5 marks and total 25 marks.
  2. Attempt all questions.
  3. The missing data, if any, may be assumed suitably.
  4. Tables/Data handbook/Graph paper etc., if applicable, will be supplied to the candidates
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- Q.1 Consider three industries:  $A$ ,  $B$ , and  $C$ . [5] CO 1 BL 3
- $A$  sells all its output to  $B$ , and  $B$  sells all its output to  $C$ .
  - $A$ 's wage bill is one-half of  $B$ 's wage bill and one-third of  $C$ 's wage bill.
  - The national product is 180.
  - National product is equal in all the three industries.
  - Total profits are twice the total wages.
- Compute the profits for industries  $A$  and  $B$ .
- Q.2 BIT Mesra is a closed economy, represented by the following equations: [5] 2 5
- Private saving:  $S = -100 + 0.25(Y - \bar{T})$   
Investment:  $\bar{I} = 200$   
Government spending:  $\bar{G} = 100$   
Taxes:  $\bar{T} = 50$
- Compute the equilibrium income for the economy.
- Q.3 What is the difference between GDP and GNP? Is one a better measure of [5] 1 1  
income/output than the other? Why?
- Q.4 On a 45-degree income-expenditure graph, clearly show why a rise in government [5] 2 2  
spending could have a multiplier effect. On graphs, label all axes and all points of  
interest.
- Q.5 Consider the following information in the table below. [5] 2 4

Income (Y)	Consumption (C)	Savings (S)
1000	950	50
1100	1040	60
1200	1130	70
1300	1220	80

Given this data derive the consumption function.

:::::19/09/2025 :::::E