**Home Assignment**

**Macro Economics (ECON: 102)**

**Instruction:** *All questions are compulsory.*

1. What are the main differences between microeconomics and macroeconomics?
2. What is Gross Domestic Product at Market Price (GDPMP)? What is the features of GDPMP.
3. Given the following information, calculate GDPFC:
4. NNPMP = SR 500 billion
5. NFIA = SR 20 billion
6. Consumption of fixed capital = SR 20 billion
7. Indirect taxes = SR 10 billion
8. Subsidies = SR 10 billion
9. What is Keynesian theory of income and employment?
10. Fill in the blanks with appropriate digits:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Y | C | APC  | MPC  | S | APS | MPS |
| 100 | 90 |  |  |  |  |  |
| 120 | 108 |  |  |  |  |  |
| 140 | 124 |  |  |  |  |  |
| 160 | 139 |  |  |  |  |  |
| 180 | 153 |  |  |  |  |  |
| 200 | 167 |  |  |  |  |  |

**Home Assignment**

**Macro Economics (ECON: 102)**

**Instruction:** *All questions are compulsory.*

1. What are the main objectives/goals of macroeconomics?
2. Suppose the gross domestic product at market prices of Saudi Arabia in 2012- 13 was SR 90 million and net factor income from abroad was (-) SR 5 million. Calculate GNPMP.
3. What do you mean by aggregate demand? What are its main components?
4. Suppose the value of autonomous consumption (a) is SR 40 million and marginal propensity to consume (b) is 0.6, then how can you estimate consumption at different levels of income (0, 100, 200, 300, 400, 500, and so on)?
5. Given the data of the disposable income (Yd) and amount of consumption at initial level of income (SR 100). Assuming that marginal propensity to consume is 50 per cent. Complete the table and draw the graphs of consumption and saving functions.

(**Hint:** *First write Consumption function, C = a + bYd, calculate the value of a on the basis of given information and then fill up the blanks*)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| S. No. | Yd | C | S | APC | MPC | APS | MPS |
| 1. | 100 | 150 |  |  |  |  |  |
| 2. | 200 |  |  |  |  |  |  |
| 3. | 300 |  |  |  |  |  |  |
| 4. | 400 |  |  |  |  |  |  |
| 5. | 500 |  |  |  |  |  |  |
| 6. | 600 |  |  |  |  |  |  |

**Home Assignment**

**Macro Economics (ECON: 102)**

**Instruction:** *All questions are compulsory.*

1. Given the following data, calculate net domestic product at market prices (NDPMP):
2. Gross National Product at market prices (GNPMP) = SR 85,000 ;
3. Consumption of fixed capital = SR 3,000
4. Net factor income from abroad = SR 2,000.
5. Suppose at the income level of SR 50,000 million, saving amounts to SR 10,000 million. An income at SR 60,000 million, saving increased to SR 15,000 million. What is the marginal propensity to save and marginal propensity to consume for the Saudi economy?
6. Given the data of the disposable income (Yd) and amount of consumption at initial level of income (SR 200). Assuming that marginal propensity to consume is 50 per cent. Complete the table and draw the graphs of consumption and saving functions.

(**Hint:** *First write Consumption function, C = a + bYd, calculate the value of a on the basis of given information and then fill up the blanks*)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| S. No. | Yd | C | S | APC | MPC | APS | MPS |
| 1. | 200 | 250 |  |  |  |  |  |
| 2. | 300 |  |  |  |  |  |  |
| 3. | 400 |  |  |  |  |  |  |
| 4. | 500 |  |  |  |  |  |  |
| 5. | 600 |  |  |  |  |  |  |

1. Define- GNPMP, GNPFC, GDPMP and GDPFC.
2. What is consumption function? Diagrammatically show the consumption function, C = a + bY.

**Home Assignment**

**Macro Economics (ECON: 102)**

**Instruction:** *All questions are compulsory.*

1. What do you understand by the term *microeconomics* and *macroeconomics*?
2. What are differences between GDPMP and GNPMP?
3. Given the following data, calculate net domestic product at market prices:
4. Gross National Product at market prices = SR 85,000 ;
5. Consumption of fixed capital = SR 3,000
6. Net factor income from abroad = SR 2,000.
7. What is Keynesian theory of income and employment?
8. Given the data of the disposable income (Yd) and amount of consumption at initial level of income (SR 1000). Assuming that marginal propensity to consume is 80 per cent. Complete the table and draw the graphs of consumption and saving functions.

(**Hint:** *First write Consumption function, C = a + bYd, calculate the value of a on the basis of given information and then fill up the blanks*)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **S. No.** | **Yd** | **C** | **S** | **APC** | **MPC** | **APS** | **MPS** |
| 1. | 0 | 200 |  |  |  |  |  |
| 2. | 1000 |  |  |  |  |  |  |
| 3. | 2000 |  |  |  |  |  |  |
| 4. | 2500 |  |  |  |  |  |  |
| 5. | 3000 |  |  |  |  |  |  |
| 6. | 3500 |  |  |  |  |  |  |
| 7. | 4000 |  |  |  |  |  |  |