MODEL QUESTION by ibbprep.com

SET 3

JAIBB

Principles of Economics (POE)

Subject Code :	1	0	3

Time—3 hours
Full marks—100
Pass marks—45

[N.B. The figures in the right margin indicate full marks. Answer the questions as mentioned in different parts.]

Part A—Descriptive Questions

(Answer any two questions)

Marks—20×2 = 40

1. (a) What are the fundamental economic problems every economy must confront? Briefly explain. 4+6=10

(b) Explain the relationship between Total Utility (TU) and Marginal Utility (MU) with a diagram. 10

2. (a) What is an oligopoly market? Explain its main characteristics. 2+8=10

(b) Assess the cement industry of Bangladesh based on the features of market structure, and comment on whether it fits the oligopoly model. 10

3. (a) What do you understand by Central Bank independence? Discuss its importance in the current context of Bangladesh. 10

(b) Explain the quantitative and qualitative credit control tools used by a central bank. 4+6=10

4. (a) Define National Income. Explain the different methods of computing National Income. 2+8=10

(b) What is remittance? Discuss its impact on the economy of Bangladesh. 4+6=10

Part B—Mathematical Problem

(Answer any one question)

Marks—10×1 = 10

5. When the price of a product rises from Tk. 50 to Tk. 60, the quantity demanded falls from 200 units to 160 units.

(a) Calculate the price elasticity of demand and classify the good as elastic or inelastic. 5

(b) Based on your answer, what will happen to the seller's total revenue as a result of this price increase? Explain. 5

6. A typical consumer basket contains the following items:
Item: Rice — Quantity: 8 kg — Price in base year (2021): Tk. 55 per kg — Price in current year (2026): Tk. 68 per kg
Item: Cooking Oil — Quantity: 4 liters — Price in base year (2021): Tk. 140 per liter — Price in current year (2026): Tk. 190 per liter
Item: Bus fare — Quantity: 25 trips — Price in base year (2021): Tk. 12 per trip — Price in current year (2026): Tk. 15 per trip

(a) Compute the Consumer Price Index (CPI) for 2026. 5

(b) Calculate the inflation rate between 2021 and 2026. 5

Hints: CPI = [Cost of basket in current year / Cost of basket in base year] x 100; Inflation = [(CPI current year - CPI base year) / CPI base year] x 100; Base year CPI 2021 = 100.

Part C—Case Study

(Answer any one of two questions)

Marks—20×1 = 20

7. Review the following case study and provide concise, to-the-point responses to the subsequent questions. Responses should be expressed with clarity and precision.

Islamic banking now accounts for a substantial and growing share of Bangladesh's banking assets, offering profit-and-loss sharing modes such as Mudarabah and Musharakah instead of interest-based lending. Proponents argue that avoiding 'Riba' (interest) aligns financing more closely with the real economy, since returns are tied to actual profit or loss from underlying business activity rather than a fixed pre-determined rate. Critics, however, point out that many Islamic banking products in practice replicate the economic outcome of conventional interest-based products through mark-up sale contracts such as Bai-Muajjal, raising debate about how strictly the 'spirit' of Riba prohibition is being followed. Regulators have also flagged governance concerns at a few Islamic banks, including large related-party financing that eroded asset quality despite the banks' religious branding.

(a) What does 'Riba' mean in the context of Islamic banking? 2

(b) In your own words, explain how profit-and-loss sharing modes like Mudarabah differ from conventional interest-based lending. 3

(c) Why might critics argue that some Islamic banking products replicate conventional lending outcomes? 4

(d) Analyze how weak governance and related-party financing can undermine public trust in Islamic banking, regardless of its religious branding. 5

(e) What reforms would you suggest to strengthen the credibility of Islamic banking in Bangladesh? 6

8. Review the following case study and provide concise, to-the-point responses to the subsequent questions. Responses should be expressed with clarity and precision.

Bangladesh produces a large number of university and technical-college graduates each year, yet many employers report difficulty finding candidates with the specific skills they need, particularly in areas such as data analysis, digital marketing, and advanced manufacturing. As a result, youth unemployment and underemployment remain relatively high even as certain skilled positions go unfilled. Economists describe this as a 'skill mismatch' rather than a simple shortage of jobs. Some universities have begun partnering with industry to redesign curricula, while private training platforms have grown rapidly to offer short, skills-focused courses. However, access to these newer training options remains concentrated in urban areas, leaving rural youth at a relative disadvantage.

(a) What is meant by 'skill mismatch' in a labour market? 2

(b) How is skill-mismatch unemployment different from a simple lack of job vacancies? 3

(c) Why might industry-academia curriculum partnerships help reduce this type of unemployment? 4

(d) Analyze the economic consequences if rural youth continue to have less access to skills training than urban youth. 5

(e) What policy steps would you recommend to close the urban-rural gap in skills training access? 6

Part D—Understanding Terminology

(Answer any five questions)

Marks—2×5 = 10

9. Answer any five questions:

(a) Distinguish between monopoly and oligopoly. 2

(b) Differentiate between cardinal utility and ordinal utility. 2

(c) What is the difference between fixed cost and variable cost? 2

(d) Distinguish between public goods and private goods. 2

(e) What are the differences between devaluation and depreciation? 2

(f) Differentiate between repo and reverse repo. 2

(g) Distinguish between balance of trade and balance of payment. 2

(h) What is the difference between Giffen goods and normal goods? 2

Part E—Short Questions

(Answer any five questions)

Marks—4×5 = 20

10. Answer any five questions:

(a) Explain the law of diminishing marginal returns. 4

(b) What is market failure? 4

(c) Explain the concept of financial inclusion. 4

(d) What is inflation targeting? 4

(e) Explain the break-even point of a firm. 4

(f) What is disguised unemployment? 4

(g) Explain green finance. 4

(h) Explain the role of the central bank as 'banker to the government'. 4

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