



MASTER OF SCIENCE IN APPLIED ECONOMICS (MSAE)
Sample Question (Non-Econ Major)
Time Duration: 50 Minutes
Total Points: 45

Instructions: Answer all the questions in this booklet and in the spaces provided. There are three sections. Section 1 deals with microeconomics, Section 2 with macroeconomics and Section 3 with statistics. Marks are indicated in parentheses. All three sections must be passed separately.

Section 1: Microeconomics

The following two equations describe supply and demand in a market respectively.

$$13P - Q_S = 27$$

$$2Q_D + 8P - 48 = 0$$

Here, Q_D represents quantity demanded, Q_S is the quantity supplied and P represents price.

Find the equilibrium market quantity and price. (Hint: in equilibrium, $Q_D = Q_S$) **[15 points]**

Section 2: Macroeconomics

Suppose that an economy is undergoing a recession. Describe some of the policies a government may adopt to fight the recession. **[15 points]**

Section 3: Statistics

For the probability distribution shown in the following table, calculate the weighted mean.
[15 points]

X	8	12	16	20	24
$P(X)$	$1/8$	$1/6$	$3/8$	$1/4$	$1/12$