NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION : BACHELOR OF ECONONOMICS	
QUALIFICATION CODE: 07BECO	**LEVEL:** 7
COURSE CODE: IMA612S	**COURSE NAME:** INTERMEDIATE MACROECONOMICS
SESSION: DECEMBER 2025	**PAPER:** THEORY (PAPER 1)
DURATION: 3 HOURS	**MARKS:** 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	Mr. Eslon Ngeendepi
MODERATOR:	Mr. Pinehas Nangula

INSTRUCTIONS
1. Answer ALL the questions. 2. Read all the questions carefully before answering. 3. Number the answers clearly

THIS QUESTION PAPER CONSISTS OF _4_ PAGES (Including this front page)

QUESTION 1 **[35 Marks]**

1.1 Using the table below which shows the CPI for the Namibian economy over 2 years, calculate:

a) Basket CPI for 2024. (4)

b) CPI for 2024 based on 2023 prices (4)

c) The percent increase in price level from 2023 to 2024. (3)

Year	Item	Price	Quantity
2023	Coffee	N$2.00	100 units
	Scones	N$3.50	200 units
2024	Coffee	N$2.25	100 units
	Scones	$4.00	200 units

1.2

i. Using the table below answer questions (a), (b), (c) and (d) below.

Year	Price of Fish	Quantity of Fish)	Price of Pork	Quantity of Pork	Price of Beef	Quantity of Beef
2022	N$7	400	N$8	225	10	175
2023	N$8	450	N$7	250	12	275
2024	N$9	900	N$6	275	15	275

(a) Calculate nominal GDP in each of the three years. (6)

(b) Calculate Real GDP in each of the three years, using 2022 as the base year. (6)

(c) Calculate the GDP deflator for each of the three years. (6)

(d) Calculate inflation for 2023 and 2024. (6)

QUESTION 2 **[15 Marks]**

Using the given information answer the following questions.

National Income (Y)	Consumption (C)
N$0	N$80
100	140
200	200
300	260
400	320

In N$ million

(a) State MPC and MPS. (4)

(b) State the consumption function. (4)

(c) State the savings function. (3)

(d) What will be the size of the multiplier if MPS is 0.4? (4)

QUESTION 3 **[20 Marks]**

3.1 Consider a closed economy which can be characterized by the following equations.

$$C = 200 + 0.25(Y - T)$$

$$I = 140 + 0.25Y - 3000i$$

$$G = 300$$

$$T = 120$$

$$M_D = 2Y - 30\,000i$$

$$M_S = 1600$$

(a) Derive an equation for the IS curve. (4)

(b) Derive an equation for the LM curve. (4)

(c) Determine the equilibrium income and interest rate (round-off answer to two decimal places) in the two markets. (8)

(d) Calculate the equilibrium level of consumption. (5)

QUESTION 4 **[20 Marks]**

Compare and critically evaluate the main consumption theories: the Absolute Income Hypothesis, the Life-Cycle Hypothesis, the Permanent Income Hypothesis, and the Relative Income Hypothesis. In your answer, discuss the key assumptions, similarities, and differences among theories, and assess their relevance in explaining consumer behavior in modern economies. Use relevant graphs and illustrations to support your discussion.

QUESTION 5 **[10 Marks]**

(a) Outline three main reasons why firms hold inventories. (3)

(b) Identify three main types of investment. (3)

(c) Distinguish between Gross National Product (GNP) and Gross Domestic Product (GDP). (4)

TOTAL MARKS: 100