

March 08, 2004

INTRODUCTION TO ECONOMICS AND FINANCE

(MARKS 100)

Module A

(3 hours)

- Q.1 Distinguish between Microeconomics and Macroeconomics and elaborate their respective fields of study. (10)
- Q.2 Differentiate the following:
- (a) Direct Demand & Derived Demand (05)
 - (b) Explicit Cost & Implicit Cost (05)
 - (c) Net Interest & Gross Interest (05)
- Q.3 (a) Define a market and enlist the factors which determine its extent. (05)
- (b) What is meant by Monopolistic-Competition? Enumerate its main characteristics. (05)
- Q.4 (a) Enumerate the difficulties in measuring the National Income in the developing countries. (10)
- (b) Examine the concept of Effective Demand. (05)
- Q.5 (a) Define the concept of Liquidity Preference. State its motives. (05)
- (b) Account for the phenomenal rise of the Exchange Reserves of Pakistan. (05)
- Q.6 (a) State briefly the significance and importance of Money. (10)
- (b) Why does the Central Bank resort to Open Market Operations? (03)
- Q.7 (a) Give a brief overview of Financial Institutions functioning in the country. (07)
- (b) Analyse the components of Monetary Assets in Pakistan. (05)
- Q.8 (a) What is Marginal Productivity Theory? (05)
- (b) Discuss the weapons available with a Central Bank to control a persistent inflationary situation. (10)

(THE END)