

THE INSTITUTE OF BANKERS PAKISTAN
ISQ Examination (Summer-2011)
MACRO ECONOMICS & FINANCIAL SYSTEM OF PAKISTAN

- Q.1** Please write the alphabet of the selected answer in the given space:
- Q.2** Pakistan economy has shown meager economic growth in recent past. The Government and economists are much concerned to boost this growth rate.
- A)** Define economic growth
 - B)** Briefly explain the ingredients of economic growth
 - C)** Why economic growth has been slow in Pakistan
- Q.3** (A) Why is there a trade-off between the amount of consumption that people can enjoy today and the amount of consumption that they can enjoy in the future? Why cannot people enjoy more of both?
- (B) How does saving relate to investment and what role do banks and other financial institutions play in adding to the economic growth?
- C) Why should GDP not be interpreted as a complete measure of well-being?
- Q.4** A) What do you mean by fiscal policy?
- B) What are the problems that complicate the enactment and implementation of fiscal policy?
- Q.5** A) What is a GDP Deflator? Give its formula.
- B) Define the natural rate of unemployment.
- Q.6** A) Define Lorenz Curve and explain how it portrays inequitable distribution of income?
- B) Explain atleast 2 various measures to control inflation.
- Q.7** Compare real interest rates to nominal interest rates.
- A)** What Is a Nominal Interest Rate?
 - B)** What Is Inflation?
 - C)** What Is the Real Interest Rate?
- Q.8** A) Compare real exchange rates to nominal exchange rates. Briefly explain which rate is more important?
- B) Define a capital market. Describe the primary role and significance of a capital market.
- Q.9** A) Define deregulation and liberalization of financial sector. Argue in favour of deregulation and liberalization of financial sector.

Q.9 B) What were the major financial reforms that had been implemented during the last two years?

Q.10 A) What are the major objectives of macroeconomics?

B) Explain carefully why each objective is important?
