Q.1 Explain the following with the help of examples:

a. Government Expenditure Multiplier
b. Autonomous Multiplier
c. The Balance Budget Multiplier

Q.2 Changes in inflation rate affect different economic indicators and economic factors differently. Deduce and fill the table given below, how would the following indicators and factors change if the inflation rate increases or decreases. Deduce and fill the table given below. Indicate Increase, Decrease or No change in the spaces provided.

S. #	**Economic Indicators**	**Inflation Rate**					
		Increase			**Decrease**		
		Increase	**Decrease**	**No Change**	**Increase**	**Decrease**	**No Change**
1	Relative value of domestic currency against foreign currency						
2	Central Bank Discount Rate						
3	Purchasing power of domestic consumers						
4	Domestic Exports						
5	Domestic Imports						
6	Real interest rate						

Q.3 Interest rate term structure refers to the pattern of interest rates on similar securities with differing maturities. Assume a normal yield curve and discuss the following questions.

A. What do you understand by a normal yield curve?
B. Term structure exhibits relationship between which of the two factors? List the factors.
C. List and explain three risks a long-term investor would seek compensation for in the form of higher return.

Q.4 Explain any three uses of National Income statistics.

Q.5 A. Explain the Portfolio Management Theory.
B. Explain the main reason that has lead to much criticism of this theory.

Q.6 A. Define contractionary monetary policy.
B. Explain three ways through which the government can apply this policy.

Q.7 Finance managers of Pakistan are thinking to approach the International Monetary Fund (IMF) for another Funding facility. In your opinion, what are the key areas where Pakistan should focus on and improve them in order to live without IMF support?

Q.8 How does the recession occur in an economy? Explain with the help of AD-AS Model.

Q.9 A. Discuss the demand and supply of money.
B. How is the rate of interest determined in the short run assuming supply of money is constant? Explain with the help of diagram.
C. List the determinants of investment in a country.