



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)