



**September 07, 2005**

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**INTRODUCTION TO ECONOMICS AND FINANCE (MARKS 100)**  
**Module A (3 hours)**

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- Q.1 What are the factors that affect the price elasticity of demand? (09)
- Q.2 (a) Enlist the main contributions of foreign trade towards economic development of a country. (06)  
(b) Identify three (3) major items of exports and imports in the Pakistan economy. (03)
- Q.3 Explain, with the help of a diagram, the relationship between 'Marginal' and 'Average' cost of production in the short run. (07)
- Q.4 (a) What are the characteristics of 'perfectly competitive market'? (05)  
(b) Describe 'Substitutes' and 'Complementary Goods' with reference to marginal utility. (03)
- Q.5 What is meant by 'Economies of Scale'? Give examples. (07)
- Q.6 Distinguish between 'Quota' and 'Tariff'. (04)
- Q.7 What is meant by 'Indirect Taxes'? Identify major demerits of 'Indirect Taxes'? (07)
- Q.8 Briefly analyze the role of 'Economic Policy' in a free economy. (06)
- Q.9 Explain the concepts of Average Propensity to Consume (APC) and Marginal Propensity to Consume (MPC). (06)
- Q.10 (a) Define 'National Income' and describe the purposes of calculating the same. (06)  
(b) Explain with diagram the concept of 'Circular Flow of Income'. (08)
- Q.11 (a) Describe the functions of money in an economy. (04)  
(b) What are the main functions of Money Market? Give a list of any three institutions of Money Market. (04)
- Q.12 (a) How does State Bank act as a lender of the last resort? (04)  
(b) Briefly state the role of State Bank as 'Controller of Credit'. (05)
- Q.13 Explain the term 'Financial Intermediaries' and describe their functions. (06)

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