



UNIVERSITY OF THE PUNJAB

First Semester 2015

Examination: B.S. 4 Years Programme

Roll No.

PAPER: Principles of Micro Economics

TIME ALLOWED: 2 hrs. & 30 mins.

Course Code: ECON-101 /

MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

SUBJECTIVE TYPE

Q# 2

Give short answer to the following questions

(5X4=20)

- Define exchange rate with the help on example.
- Define law of supply. Write any 2 assumptions.
- Differentiate between short run and long run.
- What is price discrimination?
- Differentiate between fixed and Variable cost.

Q# 3

Explain Law of Equi marginal utility with the help on table and diagram.

(10)

Q# 4

Explain Law of Decreasing return with the help of table and diagram and give assumption.

(10)

Q#5

Explain how price and out put is determined under perfect competition.

(10)



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TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Question #1 . Encircle the correct option from the following: (10X1=10)

1. Slope of Marginal Utility curve is:
 - A. Positive
 - B. Negative
 - C. Vertical
 - D. Horizontal
2. Which of the following is not a resource as the term is used by economists?
 - A. money.
 - B. land.
 - C. buildings.
 - D. labour.
3. What is the shape of Indifference Curve(IC):
 - A. Concave to origin
 - B. Convex to origin
 - C. Vertical
 - D. Horizontal
4. a decrease in demand causes price to:
 - A. Rise
 - B. Fall
 - C. Remain constant
 - D. Intermediate
5. The quantity demanded (Q_d) of a soft drink brand A has decreased. This could be because:
 - A. A's consumers have had an increase in income.
 - B. the price of A has increased.
 - C. A's advertising is not as effective as in the past.
 - D. the price of rival brand B has increased.

P.T.O.

- 6 Average revenue is always equal to :
- A. Price
 - B. Total Revenue
 - C. Marginal Revenue
 - D. None
- 7 Economists use the term marginal utility to mean
- A. additional satisfaction gained divided by additional cost of the last unit.
 - B. additional satisfaction gained by the consumption of one more unit of a good.
 - C. total satisfaction gained when consuming a given number of units.
 - D. the process of comparing marginal units of all goods which could be purchased.
- 8 The law of diminishing marginal utility states that
- A. total satisfaction will decrease as more units of the good are consumed.
 - B. the satisfaction derived from each additional unit of a good consumed will decrease.
 - C. total utility will become negative.
 - D. Both the first and third option.
- 9 Indifference curves cannot
- A. be L shaped
 - B. be straight lines
 - C. intersect
 - D. all of the above
- 10 The costs that depend on output in the short run are
- A. total variable costs only.
 - B. both total variable costs and total costs.
 - C. total costs only.
 - D. total fixed cost only.



UNIVERSITY OF THE PUNJAB

First Semester 2015
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Fundamentals of Economics

TIME ALLOWED: 2 hrs. & 30 mins.

Course Code: ECON-111 /

MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

Subjective Part

Attempt any four questions

Q: 2 Briefly explain the following concepts in two lines (20)

- i. Explain the term income elasticity of demand
- ii. List the determinants of demand
- iii. Define the term monopoly
- iv. List the factor of production
- v. List the determinants of Supply
- vi. Unemployment rate
- vii. Explain the term marginal Revenue
- viii. What is GDP
- ix. Define Fiscal Policy
- x. Define monetary policy

Q: 3

- a. How does the Monopoly differ from the perfect competition in its basic characteristics (04)
- b. Discuss the equilibrium of a firm under monopoly position (06)

Q: 4

- a. Explain the law of demand (02)
- b. What the determinants of demand. What happens to the demand curve when each of these changes (04)
- c. Distinguish between a change in demand and a change in the quantity demanded (04)

Q: 5

- a. What is monetary policy? (02)
- b. Discuss the tool of monetary policy briefly. (08)



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PAPER: Fundamentals of Economics
Course Code: ECON-111 /

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.
Objective Part

Q: 1

Question one is compulsory

Encircle the correct answer

(10)

i: Human wants are

- a) Few
- b) finite
- c) Unlimited
- d) One Thousand

ii: According to law of demand: As prices rise, ceteris paribus

- a. demand increases
- b. demand decreases
- c. quantity demanded decreases
- d. quantity demanded increases

iii: Prices are determined by the forces of

- a) Demand and consumption
- b) Supply and production
- c) Demand and supply
- d) Government

iv: The best level of output for a perfectly competitive firm is given by the point where

- a. $MR = AC$
- b. $MR = MC$
- c. MR exceed MC by the greatest amount
- d. $MR = MC$ and MC is rising

v: The term marginal Means

- a. Unimportant
- b. Additional
- c. The Minimum
- d. The Maximum

vi: Elasticity of Luxuries is

- a. $E > 1$
- b. $E < 1$
- c. $E = 1$
- d. $E = \infty$

P.T.O.

vii: Milk is a commodity

- a. Perishable
- b. Durable
- c. Expensive
- d. Not for sale

viii: Per capital income is

- a. Total income
- b. personal income
- c. National income
- d. Average Income

ix: Fiscal policy is made by

- a. State Bank
- b. Government
- c. Businessmen
- d. Households

x: Monetary policy is made by

- a) State Bank
- b) Government
- c) Businessmen
- d) Commercial banks



UNIVERSITY OF THE PUNJAB

First Semester 2015

Roll No.

Examination: B.S. 4 Years Programme

Subject: Basic Economics-I

TIME ALLOWED: 2 hrs & 30min.

Paper: ECON-121

MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

Part - II (4x5=20 Marks)

1. What do you mean by Elasticity of demand?

(الف) طلب کی پک سے کیا مراد ہے؟

2. Differentiate between normative and positive economics with examples.

(ب) اثباتی معاشیات اور ہدایتی معاشیات میں فرق واضح کریں۔

3. What is elasticity and write its formula.

(ج) قوسی پک سے کیا مراد ہے؟ اس کی وضاحت بذریعہ فارمولا کریں۔

4. Explain the Robin's definition of Economics.

(د) رابنز کی معاشیات کی تعریف کی وضاحت کریں۔

5. What do you mean by consumer Equilibrium?

(ه) صارف کے توازن سے کیا مراد ہے؟

Part - III (10x3=30 Marks)

Write the Brief Answers.

1. Define the law of diminishing Marginal utility. Briefly explain with the help of a table and diagram and its assumption.

(الف) قانون تقلیل افادہ مختتم کی تعریف کریں۔ اس کی وضاحت بذریعہ گوشوارہ، ڈائیگرام کریں اور اس کے مفروضات بھی بتائیں۔

2. Explain market equilibrium with the help of table and diagramme

(ب) منڈی کے توازن کی وضاحت بذریعہ گوشوارہ ڈائیگرام کریں۔

3. Define the Law of demand. Briefly explain with the help of a table and diagram.

(ج) قانون طلب کی وضاحت بذریعہ گوشوارہ ڈائیگرام کریں اور تعریف بھی لکھیں۔



UNIVERSITY OF THE PUNJAB

Roll No.

First Semester 2015
Examination: B.S. 4 Years Programme

PAPER: Basic Economics-I
Course Code: ECON-121

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Part – I (10 marks)

Q.1 Encircle the Right Answer

- If total expenditure remains the same by changes in price the elasticity of demand will be:
(a) $E = 1$ (b) $E > 1$ (c) $E < 1$ (d) None of these
- Which is the demand equation.
(a) $Q = 10 + 4P$ (b) $Q = 10 + P$ (c) $Q = 10 - 4P$ (d) None of these
- Slope of demand curves.
(a) Negative (b) Positive (c) Zero (d) none of these
- When price falls supply.
(a) Expands (b) Contracts (c) Remain Zero (d) None of these
- The elasticity of demand of durable goods is.
(a) More than unity (b) Less than unity (c) Equal to unity (d) None of these
- The unity method of measurement of elasticity of demand was presented by.
(a) Adam Smith (b) J.R. Hicks (c) Marshall (d) Pigou (e) None of these
- When total utility is maximum then marginal utility is.
(a) Horizontal (b) Positive (c) Zero (d) Negative (e) none of them
- Price of a product is determined in a free market by.
(a) Demand for product (b) Supply of the product
(c) Both demand and supply (d) Government
- If price of mutton remains constant, an increase in the incomes of consumers results in.
(a) An increase in the slope of the demand curve
(b) A movement along the demand curve
(c) An upward shift the demand curve
(d) A downward shift of demand curve
- When quantity demanded is greater than quantity supply then price trend.
(a) Fall (b) Rises (c) Remain in effective (d) Becomes zero

- اگر شے کی قیمت کم و بیش ہونے پر کل اخراجات برابر ہیں تو طلب کی چمک ہوتی ہے۔
(الف) اکائی کے برابر (ب) اکائی سے زیادہ (ج) اکائی سے کم (د) کوئی بھی نہیں
- ان میں کون سی طلب کی مساوات ہے۔
(الف) $Q = 10 + 4P$ (ب) $Q = 10 + P$ (ج) $Q = 10 - 4P$ (د) کوئی بھی نہیں
- خط طلب کا جھکاؤ ہوتا ہے۔
(الف) منفی (ب) مثبت (ج) صفر (د) کوئی بھی نہیں
- جب قیمت کم ہوتی ہے تو رسد:
(الف) پھیلتی ہے (ب) سکڑتی ہے (ج) صفر ہوتی ہے (د) کوئی بھی نہیں
- پائیدار اشیاء کی طلب کی چمک:
(الف) اکائی سے زیادہ (ب) اکائی سے کم (ج) اکائی کے برابر (د) کوئی بھی نہیں
- طلب کی چمک کی پیمائش کے لیے اکائی کا طریقہ کس نے پیش کیا:
(الف) ایڈم سمٹھ (ب) جے آر کس (ج) مارشل (د) پیکو (ه) کوئی بھی نہیں
- جب کل افادہ زیادہ سے زیادہ ہو تو ختم افادہ:
(الف) عمودی (ب) مثبت (ج) صفر (د) منفی (ه) کوئی بھی نہیں
- آزاد منڈی میں کسی شے کی قیمت کا تعین ہوتا ہے۔
(الف) شے کی طلب سے (ب) شے کی رسد سے (ج) طلب اور رسد دونوں سے (د) حکومت کے کردار سے
- اگر گوشت کی قیمت ساکن رہے اور صارفین کی آمدنیوں میں اضافہ ہو جائے تو:
(الف) خط طلب کا جھکاؤ بڑھ جائے (ب) خط طلب کے ساتھ حرکت ہوگی
(ج) خط طلب اوپر منتقل ہو جائے گا (د) خط طلب نیچے منتقل ہو جائے گا۔
- جب طلب کی مقدار رسد کی مقدار سے زیادہ ہو تو قیمت کا جھکاؤ:
(الف) گرنا (ب) بڑھنا (ج) غیر مؤثر (د) صفر ہوگا



UNIVERSITY OF THE PUNJAB

Roll No.

Second Semester 2015

Examination: B.S. 4 Years Programme

PAPER: Principles of Macro Economics

TIME ALLOWED: 30 mins.

Course Code: ECON-102 /

MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

<u>Objective Part</u>		
Q1.	Encircle the correct answer.	10
I	That part of consumption which does not depend upon the level of income is called as: a) Autonomous Consumption b) Induced Consumption c) Consumption Function d) None of the above	
II	Marginal Propensity to Consume (MPC) is defined as: a) Change in Income divided by Change in Consumption b) Change in Savings divided by Change in Consumption c) Change in Consumption divided by Change in Income d) Change in Savings divided by Change in Investment	
III	If Govt. spending (G) is less than tax revenue (T) then the budget will be a) Surplus b) Deficit c) Balanced d) None of the above	
IV	That inflation which emerges in an economy due to an increase in Cost of Production is called as: a) Demand-Pull Inflation b) Non-Food Inflation c) Cost-Push Inflation d) All of the above	

P.T.O.

V	<p>The buying and selling of Bonds by the Central Bank is called as:</p> <ul style="list-style-type: none"> a) Discount Rate b) Required Reserve Ratio c) Open Market Operation d) None of the above 	
VI	<p>Nations output minus the capital used to obtain is called as</p> <ul style="list-style-type: none"> a) GDP b) GNP c) NDP d) NNP 	
VII	<p>National Income cannot be measured by:</p> <ul style="list-style-type: none"> (a) Production Method (b) Expenditure Method (c) GDP Deflator (d) Income Method 	
VIII	<p>Difference between Disposable Income and Consumption is:</p> <ul style="list-style-type: none"> (a) Savings (b) Consumption (c) Investment (d) Net Income 	
IX	<p>The situation in which there is no significant increase in output but a continuous increase in general price level is called as</p> <ul style="list-style-type: none"> (a) Inflationary gap (b) Recessionary gap (c) Stagflation (d) Balanced budget 	
X	<p>Which of the following statement is true?</p> <ul style="list-style-type: none"> (a) Financial Transactions and government transfer payments are included in GDP (b) The trading of bonds and stocks, Exchange of assets etc. are included in GDP (c) Social costs are not accounted for GDP (d) Drug production, Smuggling, Prostitution and transactions not reported to tax authorities are accounted for GDP 	



UNIVERSITY OF THE PUNJAB

Second Semester 2015
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Principles of Macro Economics
Course Code: ECON-102 /

TIME ALLOWED: 2 hrs. & 30 mins.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

<u>SUBJECTIVE PART</u>		
Q2.	Explain the following with examples i. Gross Domestic Product (GDP) ii. Unemployment iii. Inflation iv. Autonomous Consumption v. Marginal Propensity to Consume vi. Labour Force vii. Open Market Operation viii. Recessionary Gap ix. Balance of Trade x. Direct taxes	20
Q3.	What are the major tools of fiscal policy? How these tools are used	(10)
Q4.	Explain the methods that can be used to measure National Income.	(10)
Q5.	What are the major functions of central bank?	(10)



UNIVERSITY OF THE PUNJAB

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Second Semester 2015
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PAPER: Fundamentals of Economics
Course Code: ECON-111 /

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Objective Part

Q: 1

Question one is compulsory

Encircle the correct answer

(10)

i: Which of the following will cause a shift in the demand curve for compact discs?

- a. a change in income
- b. a change in wealth
- c. a change in the price of prerecorded cassette tapes
- d. all above

ii: According to law of demand: As prices rise, ceteris paribus

- a. Supply increases
- b. demand decreases
- c. quantity supplied decreases
- d. quantity supplied increases

iii: For a normal goods

- a. an increase in income will cause the quantity demanded to fall
- b. an increase in income will cause the demand to rise
- c. an increase in income will cause the demand to fall
- d. an increase in income will cause the quantity demanded to rise

iv: The best level of output for a monopolistic firm is given by the point where

- a. $MR = AC$
- b. $MR = MC$
- c. MR exceed MC by the greatest amount
- d. $MR = MC$ and MC is rising

v: Prices are determined by the forces of

- a. Demand and consumption
- b. Supply and production
- c. Demand and supply
- d. Government

vi: Elasticity of Luxuries is

- a. $E > 1$
- b. $E < 1$
- c. $E = 1$
- d. $E = \infty$

(P.T.O.)

vii: Milk is a commodity

- a. Perishable
- b. Durable
- c. Expensive
- d. Not for sale

viii: Per capital income is

- a. Total income
- b. personal income
- c. National income
- d. Average Income

ix: Monetary policy is made by

- a. State Bank
- b. Government
- c. Businessmen
- d. Households

x: National Income is equal to

- a. NNP _ direct tax
- b. NNP _ wages
- c. NNP _ subsidies
- d. NNP _ Indirect tax



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MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

Subjective Part

Q: 2 briefly explain the following concepts in two lines

(20)

- i. Production possibility frontier
- ii. Enlist the factor of production
- iii. List the determinants of Demand
- iv. Perfect competition
- v. Business cycle
- vi. Cross price elasticity of demand
- vii. What is GNP
- viii. What is GDP
- ix. Enlist the objective Fiscal Policy
- x. Fixed exchange rate

Q: 3

- a. How does the Monopoly differ from the perfect competition in its basic characteristics
- b. Discuss the equilibrium of a firm under monopoly position

(04)

(06)

Q: 4 Explain of the following

- a. Price elasticity of Demand
- b. Income elasticity of demand

(05)

(05)

Q: 5

- a. Define the Monetary
- b. Discuss the objective of monetary policy

(02)

(08)



UNIVERSITY OF THE PUNJAB

Roll No.

Second Semester 2015
Examination: B.S. 4 Years Programme

PAPER: Basic Economics-II
Course Code: ECON-123 /

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Note: Attempt all questions.

Objective Part		
Q1.	Choose the correct answer listed below against each part.	10
(i)	The extra cost associated with producing one additional unit of output is called: a. total cost. b. variable cost. c. marginal product. d. marginal cost.	
(ii)	Average fixed cost equals: a. fixed cost divided by total output. b. the change in fixed cost divided by total output. c. total cost divided by fixed cost. d. total cost minus variable cost..	
(iii)	We get fewer and fewer additional units as we add more and more units of the inputs to production process. We call this fact the: a. law of diminishing marginal utility. b. law of diminishing returns. c. law of supply. d. law of demand.	
(iv)	Which of the following is considered a fixed input to production in the short-run? a. labor b. capital c. money d. stock..	

P.T.O.

(v)	<p>TC / Q</p> <p>A. MC</p> <p>B. VC</p> <p>C. FC</p> <p>D. AC</p>	
(vi)	<p>The firm will choose to shut down when:</p> <p>a. revenues no longer cover variable costs.</p> <p>b. losses are larger than fixed costs.</p> <p>c. both a and b.</p> <p>d. neither a nor b.</p>	
(vii)	<p>The perfectly competitive firm will maximize profit at the level of output where:</p> <p>a. $MC=P$</p> <p>b. $MC=MU$</p> <p>c. $MR=MP$</p> <p>d. $AC=P$</p>	
(viii)	<p>A natural monopoly is a market in which:</p> <p>a. There is only one producer because the entire market's output can be produced most efficiently by that one firm.</p> <p>b. There is only one producer because there are significant barriers to entry that keep other firms out of the market.</p> <p>c. There are only a couple of firms.</p> <p>d. None of the above.</p>	
(ix)	<p>A profit-maximizing monopolist will charge the price:</p> <p>a. That is equal to MR.</p> <p>b. Found on the demand curve at the level of Q where $MR=MC$.</p> <p>c. Found on the AC curve at the level of Q where $MR=MC$.</p> <p>d. None of the above</p>	
(x)	<p>Which of the following is not a barrier to entry?</p> <p>a. high costs of entry</p> <p>b. legal restrictions</p> <p>c. advertising and product differentiation</p> <p>d. price fixing</p>	



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Roll No.

PAPER: Basic Economics-II
Course Code: ECON-123 /

TIME ALLOWED: 2 hrs. & 30 mins.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

Subjective Part		
Q2.	Explain the following briefly. (Not more than three lines)	5 x 4 =20
(i)	MC-MR approach of profit maximization	
(ii)	Corporations	
(iii)	Imperfect competition	
(iv)	Small scale production	
Q3.	Does a firm's price equal the minimum of average total cost in the short run, in the long run, or both? Explain.	10
Q4.	Draw the demand, marginal-revenue, and marginal-cost curves for a monopolist. Show the profit-maximizing level of output. Show the profit-maximizing price.	10
Q5.	Explain law of variable proportions.	10



UNIVERSITY OF THE PUNJAB

Roll No.

Second Semester 2015

Examination: B.S. 4 Years Programme

PAPER: Economics (Micro) for Commerce
Course Code: ECON-131 /

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Please Attempt all questions on your answer sheet. Write your Roll Number on both the question paper and the answer sheet.

(1) Indicate the best choice by writing the question number and choice 'a', 'b', 'c', 'd' or 'e' on your answer sheet. (MARKS: 10)

- i. Economics mainly addresses a central problem that every society faces which is
 - a) Scarcity
 - b) Society
 - c) Wealth
 - d) Welfare
 - e) price
- ii. A higher indifference curve shows greater
 - a) supply
 - b) level of satisfaction
 - c) demand
 - d) elasticity
 - e) wage
- iii. The price elasticity of demand for necessities of life is
 - a) high
 - b) Unity
 - c) Zero
 - d) low
 - e) none of the options
- iv. Demand Curve for a Giffen Good is
 - a) Upward sloping
 - b) Horizontal
 - c) Vertical
 - d) Negatively sloped
 - e) Of any slope
- v. For Equilibrium in the long run in which market $MR = MC = AR = AC$?
 - a) Perfect Competition
 - b) Monopoly
 - c) Duopoly
 - d) Monopolistic Competition
 - e) None of the options
- vi. Land, Labor, Capital and Organization are called
 - a) Output
 - b) factors of production
 - c) producers
 - d) all of the previous option
 - e) None of the options
- vii. The derivative of a constant is
 - a) Zero
 - b) Unity
 - c) Positive
 - d) Negative
 - e) Infinity
- viii. There is only one firm in
 - a) Monopoly
 - b) Perfect Competition
 - c) Oligopoly
 - d) Monopolistic Competition
 - e) none of the options
- ix. Substitution effect is always
 - a) zero
 - b) positive
 - c) infinite
 - d) unity
 - e) negative
- x. For inferior goods, the income elasticity is?
 - a) Positive
 - b) negative
 - c) zero
 - d) Greater than unity
 - e) None of the options



UNIVERSITY OF THE PUNJAB

Second Semester 2015
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Economics (Micro) for Commerce
Course Code: ECON-131 /

TIME ALLOWED: 2 hrs. & 30 mins.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

(2) Provide short answers (maximum 10 sentences per answer). (MARKS: 20)

- i. What is meant by partial derivative of a function?
- ii. What is oligopoly?
- iii. How is Envelope curve derived? What does it show?
- iv. What is the difference in Cardinal and Ordinal theory of consumer's behavior?
- v. Describe a Budget line and the changes/shifts in it.
- vi. What is consumer surplus?
- vii. Why is marginal cost curve U-shaped?
- viii. What is meant by 'Monopoly'?
- ix. Explain the Robbins' definition of Economics.
- x. List the characteristics of Monopoly

(3) Answer the following briefly (maximum 20 sentences per answer) (MARKS: 5 per part, total 30)

- a. What is Marginal Productivity theory about? (tables and diagrams are not required)
- b. How output and price are determined under monopoly in the long run?
- c. Provide a table (TP, MP and AP) that follows the law of variable proportion.
- d. Show, with the help of diagrams, what income effect and price effect are.
- e. What is meant by product differentiation in monopolistic competition?
- f. Just provide the mathematical conditions for maximizing or minimizing economic functions like profit, revenue and cost. Give a simple example.



UNIVERSITY OF THE PUNJAB

Roll No.

Third Semester 2015

Examination: B.S. 4 Years Programme

PAPER: Fundamentals of Economics
Course Code: ECO-11109

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Note: Attempt all questions.

(1x10=10)

Q. # 1: Choose the correct option.

- (I) The basic economic problem is
(a) Corruption (b) Inefficiency of worker
(c) Scarcity of resources (d) Selfishness of the people
- (II) A functional relation can be shown in a
(a) Graph (b) Equation (c) Table (d) All of the above
- (III) Law of equi-marginal utility is a law of.
(a) Production of wealth (b) Consumption of wealth
(c) Distribution of wealth (d) Demand
- (IV) When demand is perfectly inelastic, an increase in price will result in.
(a) A decrease in total revenue (b) An increase in total revenue
(c) No change in total revenue (d) A decrease in quantity demanded
- (V) A firm under perfect competition is.
(a) Price maker (b) Price breaker
(c) Price taker (d) Price changer
- (VI) Labour is hireable but you cannot hire.
(a) Capital (b) Land (c) Firm (d) Entrepreneurs
- (VII) Profit is maximum when.
(a) TR is maximum (b) TC is minimum
(c) Sales are maximum (d) Difference of TR and TC is maximum
- (VIII) Direct taxes are not included in.
(a) NNP (b) DPI (c) PI (d) a and c of above
- (IX) Market value of all goods and services produced in a country during a year is definition of.
(a) NI (b) NNP (c) GNP (d) Consumption
- (X) Govt. transfer payments include.
(a) Social security benefits (b) Welfare benefits
(c) Student scholar ships (d) All of the above



UNIVERSITY OF THE PUNJAB

Third Semester 2015

Examination: B.S. 4 Years Programme

Roll No.

PAPER: Fundamentals of Economics

Course Code: ECO-11109

TIME ALLOWED: 2 hrs. & 30 mins.

MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

Q. # 2: Briefly answer the following

(4x5=20)

- (I) Cross elasticity of demand
- (II) Production possibility frontier
- (III) Perfect competition
- (IV) GDP
- (V) Inflation

Q. # 3: Explain law of variable proportions.

(10)

Q. # 4: Discuss firm's equilibrium under perfect competition in short run.

(10)

Q. # 5: What are causes of inflation in Pakistan? Discuss

(10)



UNIVERSITY OF THE PUNJAB

Roll No.

Third Semester 2015
Examination: B.S. 4 Years Programme

PAPER: Intermediate Micro Economics
Course Code: ECON-201/

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

OBJECTIVE

NOTE: Attempt all the questions.

Q. # 1: Choose the correct option.

(1x10=10)

I. Slope of the budget line is.

- (a) $\frac{dy}{dx}$ (b) $\frac{dx}{dy}$ (c) $\frac{px}{py}$ (d) $\frac{py}{px}$

II. Following the assumption of consistency, if $A > B$ then

- (a) $B > A$ (b) $B < A$ (c) $B = A$ (d) None of them

III. The following curves are U-shaped except

- (a) The AVC curve (b) The AFC curve
(c) The AC curve (d) The MC curve

IV. Given the supply of a commodity in the market period, the price of commodity is determined by.

- (a) The market demand curve alone
(b) The market supply curve alone
(c) The market demand and supply curve
(d) None of the above

V. Under perfect competition.

- (a) $MR > AR$ (b) $AR > MR$
(c) $MR = AR$ (d) None of the above

VI. A firm is price taker in.

- (a) Oligopoly (b) Duopoly
(c) Perfect competition (d) Monopoly

VII. At the shut down point.

- (a) $P = AVC$ (b) $TR = TVC$
(c) Total losses of the firm equal TFC (d) All of the above

VIII. Which of the following most closely approximates our definition of oligopoly

- (a) The cigarette industry (b) The barber shops in a city
(c) The petrol pumps in a city (d) Wheat farmers in Punjab

IX. In monopolistic competition we have.

- (a) Few firms selling a differentiated product
(b) Many firms selling a homogeneous product
(c) Few firms selling homogeneous product
(d) Many firms selling differentiated product

X. According to marginal productivity theory a firm will employ labour when.

- (a) $VMP > W$ (b) $VMP < W$ (c) $VMP = W$ (d) None of them



UNIVERSITY OF THE PUNJAB

Third Semester 2015
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Intermediate Micro Economics
Course Code: ECON-201/.....

TIME ALLOWED: 2 hrs. & 30 mins.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

SUBJECTIVE

Q. # 2: Short answer the following.

(4x5=20)

- I. Cross elasticity of demand.
- II. Explicit cost and implicit cost
- III. Perfect competitions
- IV. Bilateral monopoly
- V. Monopolistic competition

Q. # 3: Explain consumer's equilibrium with the help of indifference curves.

(10)

Q. # 4: Explain with the help of a diagram, the output maximization of a firm subject to given cost constraint.

(10)

Q. # 5: Explain firm's equilibrium in short run under perfect competition.

(10)



UNIVERSITY OF THE PUNJAB

Third Semester 2015
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Development Economics

TIME ALLOWED: 2 hrs. & 30 mins.

Course Code: ECON-202/

MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

Q. # 2: Answer the following shortly.

(4x5=20)

I. Discuss vicious circle of poverty.

II. Write note on foreign Aid.

III. Describe two dissimilarities of less developed countries.

IV. Analyse trade liberalization.

V. Give arguments in favour of import substitution strategy.

Q. # 3: Differentiate between economic development and economic growth.

(10)

Q. # 4: Critically examine Rosenstein Rodan's theory of Big Push.

(10)

Q. # 5: Describe classical model of economic growth and give its limitations.

(10)



UNIVERSITY OF THE PUNJAB

Roll No.

Third Semester 2015
Examination: B.S. 4 Years Programme

PAPER: Development Economics
Course Code: ECON-202/

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

NOTE: Attempt all questions.

Q. # 1: Choose the correct answer.

(1x10=10)

- I. Pakistan is an economy
 - (a) Developing
 - (b) Developed
 - (c) Fast growing economy
 - (d) a and c above
- II. The most important factor in economic development is.
 - (a) Quality of human resources
 - (b) Quality of natural resources
 - (c) Quality of governance
 - (d) Quality of banking system
- III. Which is likely to be higher in a developing country like Pakistan.
 - (a) Birth rate
 - (b) GDP per head
 - (c) Life expectancy
 - (d) Net investment per head
- IV. Economic development.
 - (a) Is same as economic growth
 - (b) Means improvement in life style
 - (c) When there is equal income distributors
 - (d) All of the above
- V. Pakistan needs.
 - (a) Development planning
 - (b) Population planning
 - (c) Educational planning
 - (d) All of the above
- VI. When economic development takes place.
 - (a) Market imperfections increase
 - (b) Population increases
 - (c) Capital stock increases
 - (d) b and c of the above
- VII. In Pakistan poverty is measured by
 - (a) Per capita income calorie intake
 - (b) Percentage of rural population
 - (c) Difference of income in rural and urban areas
 - (d) Difference between GDP and GNP
- VIII. Pakistan faces shortage of energy because.
 - (a) Our population is large
 - (b) Lack of proper planning
 - (c) Pakistan lacks resources to produce energy
 - (d) None of the above
- IX. It is a characteristic of developing economy.
 - (a) High productivity of capital
 - (b) High productivity of labour
 - (c) High surplus in balance of payments
 - (d) None of the above
- X. There are obstacles to rapid economic development of Pakistan.
 - (a) Social
 - (b) Political
 - (c) Cultural
 - (d) All of the above



UNIVERSITY OF THE PUNJAB

Roll No.

Third Semester 2015
Examination: B.S. 4 Years Programme

PAPER: Basic Economics-III
Course Code: ECON-221/

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

OBJECTIVE

NOTE: Attempt all questions.

Q. # 1: Choose the correct answer.

(1x10=10)

- I. If prices rise real income.
(a) Rises (b) Falls (c) Remains the same (d) Oscillates
- II. Savings are leakage from.
(a) Investment (b) Income stream
(c) Rent (d) Cost
- III. Per capita income means.
(a) Daily income (b) Monthly income
(c) Annual income (d) Half yearly income.
- IV. If government increases taxes, private savings.
(a) Increase (b) Decrease
(c) Will not be affected (d) fluctuate
- V. The amount received without providing any productive service is called.
(a) Income (b) Transfer payment
(c) Rent (d) Wage
- VI. Equilibrium of national takes place at a point where.
(a) Saving = Investment (b) Wages = revenue
(c) Per capita income = saving (d) All of the above
- VII. Double counting.
(a) Never takes place (b) Always takes place
(c) After takes place (d) None of the above
- VIII. National income measures the annual value of all.
(a) Goods and services (b) Goods exported
(c) goods imported (d) Inventories
- IX. GNP is the total value of production done
(a) With-in a country (b) With-in the region
(c) With-in a province (d) With-in all of the above
- X. Which will be considered as investment.
(a) Construction of a house (b) Purchase of an old house
(c) Salaries of teachers (d) Construction of a rental plaza



UNIVERSITY OF THE PUNJAB

Third Semester 2015
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Basic Economics-III
Course Code: ECON-221/

TIME ALLOWED: 2 hrs. & 30 mins.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

Q. # 2: Short answer of the following.

(4x5=20)

- I. What are the factors that determine national income?
- II. Discuss the assumptions of classical theory of employment.
- III. Explain the circular flow of national income.
- IV. What is meant by per-capita income?
- V. Distinguish between the GDP and GNP

Q. # 3: Discuss the difficulties in the measurement of national income.

(10)

Q. # 4: Explain the Keynesian theory of Income and employment.

(10)

Q. # 5: Discuss the instruments of monetary.

(10)



UNIVERSITY OF THE PUNJAB

Roll No.

Third Semester 2015
Examination: B.S. 4 Years Programme

PAPER: Economics (Macro) for Commerce
Course Code: ECON-231/

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

OBJECTIVE PART

Question 1. Encircle the best choice. More than one circle will be considered wrong answer.
Cutting and overwriting is not allowed.

Marks: 10

- i) The monetary value of goods and services produced within the geographical boundaries of a country is called
 - a. NNP
 - b. GNP
 - c. GDP
 - d. GNI
- ii) Ratio of saving to income is called
 - a. APS
 - b. APC
 - c. MPS
 - d. MPC
- iii) MPC plus MPS is equal to
 - a. Unity
 - b. Zero
 - c. APC
 - d. Infinity
- iv) If tax rate increases with levels of income, this is called
 - a. Regressive tax
 - b. Direct tax
 - c. Indirect taxes
 - d. Progressive tax
- v) Investment that varies with the level of national income is termed as
 - a. Induced Investment
 - b. Net Investment
 - c. Autonomous Investment
 - d. None of previous answers
- vi) Tax levied on the sale of goods is called
 - a. Income Tax
 - b. Property Tax
 - c. Wealth Tax
 - d. Sales Tax
- vii) Heckscher and Ohlin presented a theory of
 - a. Taxes
 - b. Interest rates
 - c. International Trade
 - d. Money Supply
- viii) International Monetary Fund has objectives to finance
 - a. Long Term loans
 - b. Short term loans
 - c. Both short and long term loans
 - d. Medium term loans
- ix) According to Keynes, inflationary and deflationary gaps can be bridged by
 - a. Monetary Policy
 - b. Fiscal Policy
 - c. Trade Policy
 - d. Political Stability
- x) National Income can be measure by
 - a. Value added method
 - b. Expenditure Method
 - c. Income Method
 - d. All of the previous



UNIVERSITY OF THE PUNJAB

Third Semester 2015
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Economics (Macro) for Commerce
Course Code: ECON-231/

TIME ALLOWED: 2 hrs. & 30 mins.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

SUBJECTIVE

Questions with Short Answers

Question 2. Answer the following in 5 to 10 sentences each. Unnecessarily long answers will lead to negative marking.

Marks: 20

- i. What is National Income
- ii. What is the difference between induced investment and autonomous investment?
- iii. What is the difference in direct tax and indirect tax?
- iv. State the theory of comparative advantages of international trade.
- v. Define Aggregate Demand.
- vi. What is the main objective of WTO?
- vii. What is meant by inflationary gap?
- viii. What do you understand by autonomous consumption?
- ix. What is circular flow of income?
- x. What is the difference in 'Absolute Advantage' and 'Comparative Advantage'?

Questions with Brief Answers

Answer the following questions. Avoid unnecessary details. (Marks: 10 Marks per question)

Question 3. What is fiscal policy? Describe its objectives and tools.

Question 5. Explain the theory of Comparative Advantages in international trade.

Question 7. What is Marginal Efficiency of Capital (MEC) and how is it related to investment?



UNIVERSITY OF THE PUNJAB

Fourth Semester 2015

Examination: B.S. 4 Years Programme

Roll No.

PAPER: Economics of Pakistan

Course Code: ECON-232 /

TIME ALLOWED: 2 hrs. & 30 mins.

MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

(2) Provide short answers (maximum 10 sentences per answer). (MARKS: 20)

- i. Differentiate between Economic Development and Economic Growth.
- ii. List any five obstacles to economic development.
- iii. What is meant by Agricultural Marketing?
- iv. List any five exports of Pakistan.
- v. What is fiscal policy? List any three objectives of fiscal policy.
- vi. What is meant by exchange rate?
- vii. In your opinion, how can we reduce unemployment?
- viii. How can Pakistan improve her terms of trade?
- ix. Do you think that motorways are necessary for Pakistan? Why or why not?
- x. Can we become a developed country? How?

(3) Answer the following briefly (maximum 20 to 30 sentences per answer). (MARKS: 30: 10 each)

- i. What is Monetary Policy? What are the objectives and tools of monetary policy?
- ii. Discuss Pakistan's performance in international trade in the past decade.
- iii. What are the common characteristics of developing countries?



UNIVERSITY OF THE PUNJAB

Roll No.

Fourth Semester 2015
Examination: B.S. 4 Years Programme

PAPER: Economics of Pakistan
Course Code: ECON-232 /

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Please Attempt all questions on your answer sheet. Write your Roll Number on both the question paper and the answer sheet.

(1) Indicate the best choice by writing the question number and choice 'a', 'b', 'c', 'd' or 'e' on your answer sheet. (MARKS: 10)

- i) Which one of the following is normally NOT a feature of a developing country?
- | | |
|------------------------------|---------------------------|
| a. Over Population | b. Export of raw material |
| c. Dependence on Agriculture | d. Abundant Capital |
| e. External Debt burden | |
- ii) World Bank provides loans for
- | | |
|-------------------------|--------------------------|
| a. Meeting BOP deficits | b. Financing oil imports |
| c. Long term | d. Politicians |
| e. Short term | |
- iii) Banks were nationalized in Pakistan in
- | | |
|---------|---------|
| a. 1988 | b. 1948 |
| c. 1974 | d. 2012 |
| e. 1998 | |
- iv) WTO is an abbreviation for
- | | |
|---------------------------------|--------------------------------|
| a. World Terrorist Organization | b. Washington Trade Opposition |
| c. World Trade Organization | d. World's Trouble Originator |
| e. None of the above | |
- v) Balance of Payments may be unfavorable when
- | | |
|---------------------------------|----------------------|
| a. Exports > Imports | b. Exports < Imports |
| c. Exports are twice as imports | d. Exports = Imports |
| e. None of the options | |
- vi) The following is an obstacle to economic development
- | | |
|------------------------|--------------------------------|
| a. Overpopulation | b. Low taxes |
| c. Lack of capital | d. All of the previous options |
| e. None of the options | |
- vii) When was GATT labeled as WTO
- | | |
|------------------------|---------|
| a. 1995 | b. 2006 |
| c. 1955 | d. 2001 |
| e. None of the options | |
- viii) The following is a part of Balance of Payments
- | | |
|--------------------------------|--------------------------------|
| a. Capital Account | b. Current Account |
| c. Official Settlement Account | d. All of the previous options |
| e. None of the options | |
- ix) Tools of Fiscal policy include
- | | |
|---------------------------|--------------------------------|
| a. Bank Rate | b. Money Supply |
| c. Open market operations | d. All of the previous options |
| e. None of the options | |
- x) Pakistan is a
- | | |
|------------------------|----------------------|
| a. Developing country | b. Developed Country |
| c. High Income Country | d. Super Power |
| e. None of the options | |



UNIVERSITY OF THE PUNJAB

Fourth Semester 2015
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Intermediate Macro Economics
Course Code: ECON-203 /

TIME ALLOWED: 2 hrs. & 30 mins.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

<u>Subjective Part Time Allowed 2 ½ hours</u>		
Q2.	Explain the following briefly. (Not more than three lines) (i) Keynesian school of thought (ii) Instruments of credit control (iii) Transitory and structural unemployment (iv) Present value (v) Money multiplier	5 x 4=20
Q3.	What are the injections into and leakages from the economy? Discuss in detail.	10
Q4.	How do the life-cycle and permanent-income hypotheses resolve the seemingly contradictory pieces of evidence regarding consumption behavior?.	10
Q5.	Explain any two theories of aggregate supply in short-run. On what market imperfection does each theory rely?	10



UNIVERSITY OF THE PUNJAB

Roll No.

Fourth Semester 2015
Examination: B.S. 4 Years Programme

PAPER: Intermediate Macro Economics
Course Code: ECON-203 /

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Note: Attempt all questions. All questions carry equal marks

Q.1

Objective Part

Choose the correct answer listed below against each part.

10

- (i) If the real interest rate rises, then investment
- a) rises because the marginal product of capital is higher.
 - b) rises because the cost of capital is lower.
 - c) falls because the marginal product of capital is lower.
 - d) falls because the cost of capital is higher.
- (ii) Sticky prices can result from all of the following except
- a) setting prices on the basis of costs when wages are sticky.
 - b) long-term contracts between buyers and sellers.
 - c) market structure.
 - d) expansionary monetary policy
- (iii) Equilibrium in the goods market requires that:
- a) production equals the demand for goods.
 - b) supply equals demand.
 - c) the price level does not change (there is no inflation or deflation).
 - d) the unemployment rate is low.
- (iv) Taken together, government spending (G) and net taxes (T) describe what policy?
- a) Monetary policy.
 - b) Fiscal policy.
 - c) Foreign trade policy.
 - d) Exchange rate policy.
- (v) An increase in the interest rate causes:
- a) a movement along an LM curve.
 - b) a movement along an IS curve.
 - c) investment spending to fall and real money demand to fall.
 - d) All of the above are correct.

P.T.O.

(vi) Modern central banks usually set a target based on:

- a) the money supply.
- b) nonborrowed reserves.
- c) the interest rate.
- d) the foreign exchange rate

(vii) Frictional unemployment occurs because

- a) the minimum wage is too high.
- b) unions exert pressure in the labor market.
- c) rigidities exist in the wage-setting process.
- d) it takes time to match firms and workers.

(viii) Permanent-income hypothesis was presented by

- a) Keynes
- b) Friedman
- c) Modigliani
- d) None of the above

(ix) The change in the capital stock is called

- a) Net investment
- b) Savings
- c) Depreciation
- d) None of the above

(x) Phillips curve shows the tradeoff between

- a) Output and unemployment
- b) Inflation and output
- c) Unemployment and inflation
- d) None of the above



UNIVERSITY OF THE PUNJAB

Fourth Semester 2015
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Argiculture Economics

TIME ALLOWED: 2 hrs. & 30 mins.

Course Code: ECON-204 /

MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

Part II (Subjective)

Q: 2 Give short answers of the following question:

10x2 = 20

- What is land tenure system
- Illustrate the concept of subsistence farming
- Discuss the concept farm mechanization
- What is traditional Agriculture Farming
- What is the concept of food safety
- Enlist the sources of agri growth
- Farm productivity
- Enlist the problem of agriculture sector
- Concept of green revolution
- Discuss the concept of Market Surpluses

Q: 3

Discuss the importance of the Agricultural sector for economic development of Pakistan.

(10)

Q: 4

- Illustrate the Ricardian theory of Rent.
- What are assumption of the theory
- Discuss the working of the Ricardian theory of rent.

(02)

(03)

(05)

Q: 5

- Discuss the different form of Cobweb model
- What is the significance of this model

(5)

(5)

سوال نمبر 3 پاکستان کی معاشی ترقی میں زراعت کی اہمیت پر بحث کریں

سوال نمبر 4

- الف) لگان کی ریکاڈین تھیوری کو بیان کریں۔
- ب) ریکاڈین تھیوری کے مفروضات بیان کریں۔
- پ) ریکاڈین تھیوری کس طرح کام کرتی ہے۔

سوال نمبر 5

- الف) Cobwel Model کی مختلف اقسام کی وضاحت کریں
- ب) اس ماڈل کی افادیت بیان کریں



UNIVERSITY OF THE PUNJAB

Roll No.

Fourth Semester 2015
Examination: B.S. 4 Years Programme

PAPER: Argiculture Economics
Course Code: ECON-204 /

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Part I (Objective)

Q: 1 Choose correct answer from four possible answers.

1x10=10

- i. The current share of agriculture sector in GDP is:
 - a. 50%
 - b. 27%
 - c. 21%
 - d. 20%
- ii. The Famous theory of rent was presented by
 - a. Adam Smith
 - b. Ricardo
 - c. Marshal
 - d. Malthus
- iii. Major issue of agriculture sector in Pakistan is
 - a. Natural Calamities
 - b. Fertilizer
 - c. Capital
 - d. All
- iv. The agriculture sector provides
 - a. Food to the people
 - b. Raw material to industries
 - c. Food, raw material and employment
 - d. Employment
- v. Green revolution means use of
 - a. Old Technology
 - b. Modern Technology
 - c. Labour
 - d. None
- vi. Because of water logging
 - a. Underground water goes down
 - b. Underground water comes up
 - c. There is growth of bushes
 - d. The productivity of crops increases
- vii. Which is the problem of agriculture marketing in Pakistan
 - a. Competitiveness
 - b. Credit
 - c. Regulations
 - d. All
- viii. Which of these is not a theory of rent
 - a. Ricardian theory of rent
 - b. Modern theory of rent
 - c. Fei- Ranis
 - d. Quasi Rent
- ix. Reward of use of land is called
 - a. Usher
 - b. Zakat
 - c. Kharaj
 - d. Rent
- x. Crop intensity means the number of crops grown on a piece of land in:
 - a. One year
 - b. Two Years
 - c. Three months
 - d. Six months



UNIVERSITY OF THE PUNJAB

Fourth Semester 2015

Examination: B.S. 4 Years Programme

Roll No.

PAPER: Basic Economics-IV

Course Code: ECON-223 /

TIME ALLOWED: 2 hrs. & 30 mins.

MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

Subjective Type

Q.2 Give Short Answers to the following:

(5x4=20)

- (a) Differentiate between Balance of Payment and Balance of Trade.
- (b) Explain the term "disequilibrium in balance of payment"
- (c) Define Manpower Planning
- (d) Differentiate between Growth and Development.

Q.3 Give Brief Answers to the following:

(10x3=30)

- (i) "Agriculture Sector is important for economic development of an economy". Discuss in context of Developing Country like Pakistan.
- (ii) Describe role of Industrial Sector in Economic development of Pakistan
- (iii) Explain causes of disequilibrium in balance of trade of Pakistan.



UNIVERSITY OF THE PUNJAB

Roll No.

Fourth Semester 2015

Examination: B.S. 4 Years Programme

PAPER: Basic Economics-IV

TIME ALLOWED: 30 mins.

Course Code: ECON-223 / 1449

MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Objective Type

Q.1 Encircle the Correct Answer.

(10)

- i. An economist will define the exchange rate between two currencies as the:
 - (a) Amount of one currency that must be paid in order to obtain one unit of another currency.
 - (b) Difference between total exports and total imports within a country.
 - (c) Price at which the sales and purchases of foreign goods takes place.
 - (d) Ratio of import prices to export prices for a particular country.
- ii. The balance of payments account must always balance because:
 - (a) It is a cash flow statement
 - (b) It is a record of flow of foreign exchange between countries
 - (c) It is based on the double-entry principle
 - (d) It records international transactions
- iii. "In the absorption approach, what does $(X - M)$ in the formula $Y = C + I + G + (X - M)$ represent?"
 - (a) Consumption
 - (b) Government Expenditure
 - (c) Net Exports
 - (d) Imports
- iv. The balance of payments is divided into two major accounts, namely the:
 - (a) current account and the reserve account
 - (b) trade account and the capital account
 - (c) current account and the trade account
 - (d) current account and the capital account
- v. The best measure of economic development, among the following is:
 - (a) Life expectancy
 - (b) Industrial development
 - (c) Agricultural and industrial development
 - (d) Development of services sector