



UNIVERSITY OF THE PUNJAB

Third Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig.

Roll No. in Words.

PAPER: Economics (Macro) for Commerce

MAX. TIME: 15 Min.

Course Code: ECON-231/ECO-21320 Part-I (Compulsory)

MAX. MARKS: 10

Signature of Supdt.:

Attempt this Paper on this Question Sheet only.

Please encircle the correct option. Division of marks is given in front of each question.

This Paper will be collected back after expiry of time limit mentioned above.

Q.1. Encircle the right answer, cutting and overwriting is not allowed. (1x10=10)

- i) The two main entities in the circular flow of income model are:
 - a. People and foreigners
 - b. Households and Businesses
 - c. Businesses and foreigners
 - d. Households and Government
- ii) Problems in measuring National Income may included
 - a. measuring exports
 - b. measuring imports
 - c. double counting
 - d. Tax evasion
- iii) IMF is
 - a. a local government organization
 - b. an international organization
 - c. organization of the USA
 - d. organization of Switzerland
- iv) Rules of international trade may be negotiated in
 - a. the world bank
 - b. WTO
 - c. IMF
 - d. UNO
- v) Fundamental Psychological Law of Keynes is related to
 - a. Consumption
 - b. Investment
 - c. Inflation
 - d. Supply
- vi) Deflation is
 - a. Increase in the overall level of economic activity.
 - b. An increase in the overall price level.
 - c. Decrease in the overall level of economic activity.
 - d. A decrease in the overall price level.
- vii) Trade may not take place between countries A and B if
 - a. country A has absolute advantage in both products
 - b. prices of products are the same in both countries
 - c. taxes are imposed
 - d. IMF does not provide loan
- viii) Production within the country is measure by
 - a. GNP
 - b. GNI
 - c. GDP
 - d. All of the previous options
- ix) Pakistan borrows form
 - a. The World Bank
 - b. IMF
 - c. both 'a' and 'b'
 - d. none of 'a' and 'b'
- x) If tax rate increases with levels of income, this is called
 - a. Regressive tax
 - b. Direct tax
 - c. Indirect taxes
 - d. Progressive tax



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PAPER: Economics (Macro) for Commerce

Course Code: ECON-231/ECO-21320 Part – II

MAX. TIME: 2 Hrs. 45 Min.

MAX. MARKS: 50

ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Q.2. Give short answers of following:

(10 x 2 = 20)

- i. What is meant by Personal Income?
- ii. What is value added with reference to National Income Accounting?
- iii. What is meant by Average Propensity to Consume?
- iv. How can the problem of a deflationary gap be solved?
- v. According to Keynes, what are the determinants of investment?
- vi. Which one of direct or indirect tax is better? Why?
- vii. State the theory of comparative advantages of international trade.
- viii. Can a country have Absolute advantage in both commodities under consideration? Why or Why not?
- ix. What is the main objective of WTO?
- x. What does the Keynesian Theory of Income and Employment teach us?

Q.3. Give detailed answers:

(3 x 10 = 30)

- i) Discuss the concept and measurement of National Income.
- ii) Consumption is a direct function of income according to Keynes. Comment.
- iii) Explain the Heckscher-Ohlin theory of International Trade.