



UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Sixth Semester – 2019

Paper: Macro Economics

Course Code: ECON-306 Part – I (Compulsory)

Time: 15 Min. Marks: 10

Roll No. in Fig.

Roll No. in Words.

Signature of Supdt.:

ATTEMPT THIS PAPER ON THIS QUESTION SHEET ONLY.

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 correct choice.

(1x10=10)

1. Real GDP is nominal GDP adjusted for:
 - a) Double counting
 - b) Changes in prices
 - c) Population
 - d) Imports
2. If government increases taxes private savings will
 - a) Increases
 - b) Will become zero
 - c) Decreases
 - d) Not change
3. Which of the following has largest figure?
 - i) NNP
 - ii) GNP
 - iii) PI
 - iv) DPI
4. When economy's overall production grows faster than its population, it is referred to as :
 - a) Long-run growth per capita
 - b) An increase in nominal GDP
 - c) Deflation
 - d) The paradox of thrift
5. If $MPC = 0.75$ and the national income is Rs. 400 billion. National consumption will be equal to
 - a) $400 * 0.75$
 - b) $400 + 0.75$
 - c) $400 / 0.75$
 - d) $400 - 0.75$

P.T.O.

6. The govt. can control inflation by
 - a) Increasing government expenditures
 - b) Increasing money supply
 - c) Decreasing money supply
 - d) Decreasing interest rate
7. The most important feature of money is:
 - a) General capability
 - b) Convertibility into gold
 - c) Store of value
 - d) Medium of change
8. During inflation
 - a) Lenders lose, borrowers gain
 - b) Borrowers lose, lenders gain
 - c) Borrowers and lenders both lose
 - d) All sections of the society gain
9. Which is the most widely used tool of monetary policy
 - a) Clearing house
 - b) Open market operations
 - c) Discount rate
 - d) Issuing of notes
10. Planned investment spending is:
 - a) Actual investment in a period
 - b) Investment spending minus depreciation in a period
 - c) Investment spending that business plan to undertake during a period
 - d) Always equal to saving.



ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Q# 2: Briefly explain the following: (20)

1. Define Inflation and Inflation rate.
2. Enlist the components of Aggregate Demand (AD).
3. Define the dichotomy in the economy.
4. Explain perfect capital mobility.
5. Illustrate the concept of transaction demand for money.
6. What are the various measures of GNP.
7. Define L-M curve.
8. Explain the concept of Business cycle.
9. Explain balance of payments
10. Explain the short run production function.

Q#3: Derive the aggregate supply curve under classical assumptions. (10)

کلاسیکل مفروضات کی روشنی میں مجموعی رسد کا خط اخذ کریں۔

Q#4: Derive and explain the I-S Curve graphically. (10)

آئی۔ ایس خط ڈائیگرام کی مدد سے اخذ کریں اور اس کی وضاحت کریں۔

Q#5: Drive and explain the short run Philips curve with diagram. (10)

عرصہ قلیل کا فلپس خط اخذ کریں اور اس کی وضاحت کریں۔