

**APPEARANCE OF MOBILE PHONE(S) / SMART DEVICE(S) SUBJECT TO CONSIDERED AS AN  
ACT OF CHEATING**

College Name: \_\_\_\_\_

Student Name: \_\_\_\_\_ Seat No: \_\_\_\_\_

Copy No: \_\_\_\_\_

**KARACHI UNIVERSITY BUSINESS SCHOOL  
UNIVERSITY OF KARACHI  
FINAL EXAMINATION, JUNE 2015; AFFILIATED COLLEGES  
MACROECONOMICS; BA (H)-302  
BS-II**

**Date: June 11, 2015**

**Max Time: 90 Mins**

**Max Marks: 30**

**INSTRUCTIONS:**

- 1. Attempt any 03 questions. Do not write anything on the question paper.**
- 2. Use of mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

Q.2: Answer the following questions?

- a) What is the difference between intermediate goods & final goods and services?
- b) Why are the imports subtracted when GDP is calculated in expenditure approach?
- c) Why the national income is measured at factor prices and not at market prices?
- d) Why do you think households' purchase of new housing is included in the investment components of GDP rather than the consumption component?

Q.3: What are fallacies in each of the following statements?

- a) Expansionary monetary policy results in increased interest rates.
- b) The aggregate demand curve is downward sloping because higher average price levels directly reduce our purchasing power by making goods and services more expensive.
- c) A decrease in national saving necessarily results in an equivalent decline in investment
- d) When tax collections rise during economic prosperity, they prevent the economy from slowing down.

Q.4: Derive IS curve. What are the factors which shift IS curve?

Q.5: What is the difference between monetary policy and fiscal policy, and how are they related?

**END OF SUBJECTIVE PAPER**