

College Name: _____

Student Name: _____ Seat No: _____

Copy No: _____

KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION, JUNE 2016; AFFILIATED COLLEGES
MACROECONOMICS; BA (H)-302
BS – II

Date: June 16, 2016

Max Marks: 30

Max Time: 1.5 Hrs

INSTRUCTIONS:

- 1. Attempt any 3 questions. Do not write anything on the question paper.**
- 2. 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.**

Q2: Explain the fallacies in each of the following statements.

- a) GNP is always greater than GDP
- b) NNP is always greater than GNP
- c) Personal income is always greater than national income
- d) National income is more than NNP

Q3: Answer the following questions.

- (a) Explain the meaning of value added. What is its importance in measurement of GDP?
- (b) A miller buys a KG of wheat from a farmer for Rs. 30, grinds it into flour and sells it to a baker for Rs. 60. The baker combines the flour with other ingredients and makes a loaf of bread. Then baker then sells it to the grocery store for Rs. 90. The grocery store then adds Rs. 10 and sells it to a customer. What is value added at each stage? What is GDP?

Q4: Which variable(s) result in movement along the LM curve and which variable(s) result in shifts in the LM curve? Go through your answers graphically.

Q5: What is Inflation? What are its types? What are factors which affect demand pull inflation and cost push Inflation?

END OF SUBJECTIVE PAPER