

- (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: 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

Objective Part	
Q.1	10
	Choose the correct answer listed below against each part.
(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. All of the above are correct.

P.T.O.



UNIVERSITY OF THE PUNJAB

Fourth Semester - 2017

Examination: B.S. 4 Years Programme

Roll No.

PAPER: Intermediate Macro Economics
Course Code: ECON-203 / ECO-22318

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) (i) Real and financial investment (ii) Tobin's Q theory (iii) Liquidity preference theory (iv) Full-employment and underemployment (v) Instrument of credit control	5 x 4=20
Q3.	Explain permanent income hypothesis OR life-cycle hypothesis.	10
Q4.	Explain any two theories of aggregate supply in short-run. On what market imperfection does each theory rely?	10
Q5.	Discuss various types, causes and measurement of inflation in Pakistan. Also suggest some policy measures to curtail inflation.	10



UNIVERSITY OF THE PUNJAB

Roll No.

Fourth Semester - 2017
Examination: B.S. 4 Years Programme

PAPER: Intermediate Macro Economics
Course Code: ECON-203 / ECO-22318

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

OBJECTIVE PART

Q.1	Encircle the correct answer. (i) A competitive firm hires labor until the marginal product of labor equals the a) real wage. b) rental price of capital. c) price of output. d) capital/labor ratio. (ii) The quantity theory of money states that if the money supply doubles and output is constant, prices will a) fall by half. b) remain the same. c) double. d) fall only if velocity rises. (iii) According to the IS-LM model, if the central bank increases the money supply, then the interest rate a) falls and income falls. b) falls and income rises. c) rises and income falls. d) rises and income rises. (iv) According to Keynes, consumption is primarily determined by a) the interest rate. b) income and the interest rate. c) income. d) the savings rate. (v) In the commonly accepted definition of a recession, the level nation output a) rises at decreasing rate b) falls c) rises at an accelerating rate d) is rising faster than the trend rate of national output.	10
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P.T.O.

(vi)	<p>Sticky prices can result from all of the following except</p> <ul style="list-style-type: none"> 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 	
(vii)	<p>Permanent-income hypothesis was presented by</p> <ul style="list-style-type: none"> a) Keynes b) Friedman c) Modigliani d) None of the above 	
(viii)	<p>If the index of GDP rises from 114 in 2003 to 122 in 2004, then the rate of growth for 2004 is</p> <ul style="list-style-type: none"> a) -4 percent b) 2 percent c) 5 percent d) 7 percent 	
(ix)	<p>Which of the following is included in M-1?</p> <ul style="list-style-type: none"> a) gold b) checkable deposits c) credit cards d) money market mutual funds 	
(x)	<p>Which of the following would increase national income</p> <ul style="list-style-type: none"> a) Increases in taxation b) Increase in savings c) Increases in govt. spending d) Decreases in consumption spending 	

- VI. Which of the following is not characteristic of perfect competition?
- a) Large number of sellers
 - b) Differentiated product
 - c) Easy entry
 - d) No advertising
- VII. For a monopolist to sell more units of output
- a) The price of the output must be increased
 - b) The price of the output must be decreased
 - c) Demand must become more elastic
 - d) The other competing firms must sell fewer units
- VIII. The feature that distinguishes monopolistic competition from perfect competition is that monopolistically competitive firms are
- a) Large relative to the market
 - b) Price takers
 - c) Able to block the entry of other firms
 - d) Able to differentiate their product
- IX. Monopolist's supply curve is
- a) The marginal cost curve above minimum average variable cost
 - b) The marginal cost curve above minimum average total cost
 - c) The marginal cost curve below marginal variable cost
 - d) Nonexistent
- X. If a firm has some degree of market power, then output price
- a) Is guaranteed to be above a firm's average cost
 - b) Is determined by the actions of other firms in the industry
 - c) No longer influences the amount demanded of the firm's product
 - d) Becomes a decision variable for the firm



UNIVERSITY OF THE PUNJAB

Fourth Semester - 2018
Examination: B.S. 4 Years

Roll No.

PAPER: Intermediate Macro Economics
Course Code: ECON-203 / ECO-22318 Part – II

TIME ALLOWED: 2 Hrs. & 45 Min.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

Q.#2: Explain the following briefly.

(5x4=20)

i. The circular flow of national income?

.i قومی آمدنی کا دائری بہاؤ

ii. Autonomous and induced investment?

.ii خود اختیار اور ترقیب یافتہ سرمایہ کاری

iii. Okun's Law.

.iii اوکن کا قانون

iv. IS Curve.

.iv آئی ایس خط

v. Types of Inflation.

.v افراط زر کی اقسام

Q.#3: Explain three approaches for measurement of national income.
(10)

سوال نمبر 3: قومی آمدنی کی پیمائش کے تین مختلف طریقے بیان کریں۔

Q.#4: Explain Permanent income and life-cycle hypothesis of Consumption. (10)

سوال نمبر 4: صرف کے بارے میں مستقل آمدنی اور حیات کی گردش کی آمدنی کے نظریے کی وضاحت کریں۔

Q.#5: What is Aggregate Supply Curve? Also discuss imperfect information model. (10)

سوال نمبر 5: خط مجموعی رسد کیا ہے؟ ناقص معلومات کے ماڈل کی وضاحت کریں۔



UNIVERSITY OF THE PUNJAB

Fourth Semester - 2018
Examination: B.S. 4 Years

Roll No.

PAPER: Intermediate Macro Economics

TIME ALLOWED: 15 Min.

Course Code: ECON-203 / ECO-22318 Part - I (Compulsory)

MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Please encircle the correct option. Each MCQ carries 1 Mark. This Paper will be collected back after expiry of time limit mentioned above.

Q.#1:

(1x10=10)

- i. Nominal GDP, when adjusted for price changes (i.e. inflation) gives the _____
(a) Actual GDP (b) Potential GDP
(c) Real GDP (d) Full Employment GDP
- ii. During inflation, the purchasing power of money _____
(a) Increases (b) Decreases
(c) Remains Constant (d) None of these
- iii. GDP deflator = _____
(a) Nominal GDP / Real GDP (b) Real GDP / Nominal GDP
(c) Potential GDP / Real GDP (d) None of these
- iv. A type of unemployment in which workers are in-between jobs or are searching for new and better jobs is called _____ unemployment.
(a) Frictional (b) Cyclical
(c) Structural (d) Turnover
- v. The Philips curve describes the relationship between _____
(a) The federal budget deficit and the trade deficit
(b) Savings and investment
(c) The unemployment rate and the inflation rate
(d) Marginal tax rates and tax revenues
- vi. Which of the following would cause the aggregate demand curve to shift to the right?
(a) An increase in purchases by the federal government
(b) An increase in real interest rates
(c) An appreciation of the Pakistani Rupee
(d) A decrease in the money supply
- vii. The slope of the aggregate supply curve is always _____
(a) Positively upward (b) Negatively Downward
(c) Both (a) and (b) (d) None of these
- viii. The IS curve represents negative relationship between interest rate and level of _____
(a) Prices (b) Income
(c) Wages (d) None of these
- ix. The LM curve represents a _____ relationship between interest rate and level of income.
(a) Negative (b) Downward Sloping
(c) Positive (d) Both (a) and (b)
- x. Sticky wage model explains why short run aggregate _____ is upward sloping.
(a) Supply Curve (b) Demand Curve
(c) None of these (d) Both (a) and (b)



UNIVERSITY OF THE PUNJAB

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

Paper: Intermediate Macro Economics

Course Code: ECON-203 / ECO-22318 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 right answer cutting and overwriting is not allowed. (10x1=10)

1. Mr. Ashraf paid Rs. 1000 per month for house cleaning to a cleaning company in 2017. In 2018, he decided to clean the house himself. Assuming ceteris paribus,
 - a. GDP in 2018 will be Rs. 1000 less than GDP in 2017.
 - b. GDP in 2018 will be Rs. 12,000 less than GDP in 2017.
 - c. GDP in 2018 will be Rs. 12,000 less than GDP in 2017.
 - d. GDP in 2018 will remain the same as GDP in 2017.
2. During a recession,
 - a. Real GDP per capita increases while real GDP per worker decreases.
 - b. Real GDP per capita decreases while real GDP per worker increases.
 - c. both real GDP per capita and real GDP per worker always decrease.
 - d. both real GDP per capita and real GDP per worker always increase.
3. Durables account for a smaller fraction of consumption than non-durables, but durables are more volatile (i.e. variable) than non-durables along the business cycle.
 - a. True
 - b. False
4. If the nominal interest rate is 3% and the real interest rate is 2%, then expected inflation must be
 - a. 3%
 - b. 2%
 - c. 5%
 - d. 1%
5. Philips curve represents the tradeoff between
 - a. Consumption and Savings
 - b. Unemployment and output
 - c. Inflation and unemployment
 - d. Inflation and output
6. Permanent income hypothesis claims that:
 - a. Everyone should have a guaranteed permanent income.
 - b. Individuals make decisions based on permanent income.
 - c. Permanent income leads to higher savings.
 - d. All of the above.
7. Structural unemployment occurs because:
 - a. Once building structures are completed, workers are no longer needed.
 - b. Certain economic sectors become obsolete after some time.
 - c. Government's policy of hiring freeze.
 - d. None of the above.

P.T.O.

8. Modern central banks set target discount rate based on:
- a. Expected inflation
 - b. Demand and supply of money
 - c. Foreign exchange rate
 - d. None of the above.
9. Okun's law is the relation between
- a. Consumption and Savings
 - b. Unemployment and output
 - c. Inflation and unemployment
 - d. Inflation and output
10. A machine is produced in 2010. If this machine is used as an intermediate input in the 2010 production of a final good, then we must:
- a. exclude its value in computation of the 2010 GDP.
 - b. include its value in computation of the 2010 GDP.
 - c. include its value in computation of the 2010 GDP and exclude the value of the final good.
 - d. None of the above.



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

Roll No.

Paper: Intermediate Macro Economics

Course Code: ECON-203 / ECO-22318 Part – II

Time: 2 Hrs. 45 Min. Marks: 50

ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Question 2

Short Questions: Write a note on the following. (5 x 4 = 20 marks)

1. Why unemployment is not zero even when the economy is booming?
2. Keynesian School of thought
3. Effect of large underground economy on GDP
4. Life-cycle income hypothesis
5. Unemployment in Pakistan

Question 3

(10)

Consider the data in the following Table for the year 2017. Firm X produces machines. Some machines are sold to domestic Firm Y, some of the machines are sold to foreigners and some of machines are held as inventory. In all years, the price of machines is 1 dollar. Firm Y uses labor and machines to produce apples. In year 2016, Firm Y owned 30 dollars of machines. In year 2017, Firm Y purchases new machines for 20 dollars from Firm X and hires labor for 15 dollars. Each machine that Firm Y currently operates in its production process produces a 2 dollar sale of apples.

Firm	Transaction	Dollars
Firm X	Wages to Domestic Employees	10
	Sales of Machines to Y	20
	Sales of Machines to Foreigners	6
	Unsold Machines	3
Firm Y	Wages to Domestic Employees	15
	Purchases of Machines from X	20
	Sales of Apples to Domestic Consumers	???

- a. How much does Firm Y sell to domestic consumers (the missing number in the Table)?
- b. Compute GDP for year 2017 using the expenditure approach. ($Y = C + I + G + X - M$)
- c. What is the value-added of each firm in this economy?

Question 4

(10)

In permanent income hypothesis model:

- a. Explain why the marginal propensity to consume out of current income is positive but low.
- b. If the government takes away Rs. 1000 from all consumers in the first period in the form of lump-sum taxes, and return these Rs. 1000 in the form of transfers in the second period; does consumption in the first period go up, stay the same, or go down? What about consumption in the second period? Explain.

Question 5

(10)

What is quantity theory of money? Explain. Discuss the criticism to this theory.



UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Fourth Semester – Spring 2022

Paper: Intermediate Macroeconomics

Course Code: ECON-202

Roll No.

Time: 3 Hrs. Marks: 60

THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Answer the following short questions: (6x5=30)

- 1. Discuss Tobin's Q theory of investment.**
- 2. Discuss Philips curve.**
- 3. Discuss Keynesian Law of consumption.**
- 4. Discuss inflationary and deflationary gaps.**
- 5. Discuss quantity theory of money.**
- 6. Discuss concepts of full employment and under employment.**

Q.2. Answer the following questions (3x10=30)

- 1. What is LM curve? Derive LM curve and discuss factors affecting the position and slope of LM curve.**
- 2. Discuss instruments of credit control and the role of central bank.**
- 3. Discuss remedial measures to combat inflation and unemployment.**