

Al-Saudia Virtual Academy
Pakistan Online Tuition – Online Tutor Pakistan

“ECONOMICS” PAPER-V-B.2001
(NATIONAL INCOME ACCOUNTING & ANALYSES.)

Time allowed: Three Hours.

Max.

Marks: 100

Instruction: 1) Attempt any FIVE questions.

2) All questions carry equal marks.

- 1) Show graphically the equilibrium level of national income in the three sector model. How does a rise in govt expenditure affect the equilibrium level of national income? Explain.
- 2) What is the difference between “Gross National product” (GNP) and “Gross Domestic Product” (GDP)? Explain the income approach for measuring GNP. What are the factors that are ignored in its estimation?
- 3) Using the following equations:-

$$C = C + C_{yd} \quad , \quad 0 < C < 1, C' > 0$$

$$Y_d = y \cdot T$$

$$1 = 1 - b_i \quad , \quad b > 0, 1 > 0$$

$$T = t y \quad , \quad 0 < t < 1$$

$$G = G$$

Where C = aggregate consumption expenditure.

I = aggregate investment spending.

G = Government spending.

T = Total tax revenue.

Y = National income.

Y_d = disposable personal Income.

T = tax rate.

C = marginal propensity to consume.

B = marginal propensity to Invest.

I = rate of interest.

C = Autonomous consumption spending.

I = autonomous investment spending.

Find out:

- a) The equilibrium level of national income.
- b) Change in national income when ‘b’ changes.
- c) Change in national Income when G changes.
4. Briefly answer the following questions:

- (a) What are the three approaches to measuring economic activity?
- (b) What is the difference between intermediate and final goods and services?
- (c) List the four components of total spending. Why are imports subtracted when GEP is calculated in the expenditure approach?
- (a) For the purpose of assessing an economy's growth performance, which is the more important statistics: real GDP or nominal GDP? Why?
- (b) What are the basic differences between GDP deflator and CPI?

5. Explain "the Acceleration Principle". Does there exist any relationship between "Marginal Efficiency of Investment Theory" and "The principle of Acceleration"?

6. What are the problems faced by Pakistan in the estimation of National Income Accounting?

Suggest measures to eradicate these problems.

7. What does an input output table show? What are the major purposes of input – output analysis? How is it useful in preparing National Income Accounts?

8. Write a note on any TWO of the following:

- A) Macro Vs micro Economics.
- b) Factors affecting consumption expenditure.
- c) Methods of computing price indices.
- d) National Income Accounting System of Pakistan.