

# INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS OF PAKISTAN



**New Fall (E) 2011, April 2012 Examinations**

Tuesday, the 17th April 2012

## **BUSINESS ECONOMICS – (S-102)**

### **STAGE – 1**

**Time Allowed – 2 Hours 45 Minutes**

**Maximum Marks – 80**

**Roll No.:**

- (i) Attempt ALL questions.
- (ii) Answers must be neat, relevant and brief.
- (iii) In marking the question paper, the examiners take into account clarity of exposition, logic of arguments, presentation and language.
- (iv) Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper.
- (v) DO NOT write your Name, Reg. No. or Roll No. anywhere inside the answer script.
- (vi) Question No.1 – “Multiple Choice Question” printed separately, is an integral part of this question paper.
- (vii) **Question Paper must be returned to invigilator before leaving the examination hall.**

### **MARKS**

#### **SECTION – “A”**

- Q.2 (a)** What is ‘consumer’s equilibrium’? Explain consumer’s equilibrium with the help of indifference curve analysis. **06**
- (b)** Explain the different types of ‘division of labour’. What are its merits and demerits? **06**
- (c)** Distinguish between cardinal and ordinal approaches in ‘utility analysis’. **05**
- Q.3 (a)** Show how the equilibrium price of a commodity changes (i) when its demand increased (ii) when its demand falls (iii) when its supply increases (iv) when its supply falls. **04**
- (b)** Distinguish between ‘law of variable proportions’ and ‘laws of returns to scale’. **06**
- (c)** Explain the relationship between AR, MR and elasticity under monopoly. **05**

#### **SECTION – “B”**

- Q.4 (a)** What do you understand by the ‘quantity theory of money and prices’? Discuss the implications of the quantity theory. **06**
- (b)** What are the economic factors that lie behind the patterns of ‘international trade’? **06**
- Q.5 (a)** ‘Capital formation’ is basis of economic development of any country. Discuss it with reference to Pakistan. **06**
- (b)** Explain the merits and demerits of ‘direct and indirect taxes’. **06**

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**SECTION – “C”**

- Q.6 (a)** 'Transport and communication' have an important bearing on economic growth. Discuss. **06**
- (b)** What is 'farm mechanization'? Discuss the impact of farm mechanization on agriculture in Pakistan. **06**
- Q.7 (a)** 'Cottage industry' is one of the essential industries of a country. It faces a lot of problems in Pakistan. Briefly explain the problems faced to cottage industry in Pakistan. **06**
- (b)** What are the major 'commodity exports' of Pakistan? Discuss their importance in detail. **06**

**THE END**