

**INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS
OF PAKISTAN**

FOUNDATION-I EXAMINATION-SPRING (SUMMER), 2005

Wednesday, the 1st June, 2005 **852**

ECONOMICS AND BUSINESS ENVIRONMENT

Time Allowed—2 Hours 45 Minutes

Maximum Marks—80

- (i) Attempt TWO questions each from Sections "A" and "B". All questions carry equal marks.
- (ii) Answers must be neat, relevant and brief.
- (iii) In marking paper, the examiners take into account clarity of exposition, logic of arguments, presentation, language and use of clear diagram or chart, where appropriate.
- (iv) Read the instructions printed on 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 paper.

SECTION "A"		<i>Marks</i>
(Marks : 40)		
Q. 2(a)	What is meant by Consumer Equilibrium?	8
(b)	Explain consumer behaviour in terms of the "Law of Equimarginal Utility".	12
Q. 3(a)	What are the conditions that exist in a Perfect Competition?	5
(b)	Describe a firm's equilibrium under Perfect Competition in the short run with the help of diagrams.	15
Q. 4(a)	Differentiate between the following:	12
(i)	Gross National Product and Gross Domestic Product.	
(ii)	Personal Income and Disposal Personal Income.	
(iii)	National Income at market price and National Income at factor cost.	
(b)	Enumerate the problems and difficulties encountered in computation of National Income.	8

SECTION "B"
(Marks: 40)

- | | |
|---|----|
| Q.5 Agriculture plays a very crucial part in the economic development of a country like Pakistan. Do you agree or disagree? Give arguments. | 20 |
| Q.6 Highlight the importance of "Industrial Credit" in the industrial development of Pakistan. | 20 |
| Q.7 What are the "Instruments of Capital Market"? Describe and discuss at least FOUR such instruments with reference to Pakistan. | 20 |

THE END