

Q. 3. Write Short notes on (Any Three) (15)

1. Explain how a market system is driven by supply and demand
2. Define the key factors influencing monetary policy
3. What is an Economic Indicator?
4. Explain per capita income
5. Define Purchasing Power Parity

Q. 4. Answer in detail (Any Two) (20)

1. Explain Keynesian Economic theory
2. Explain differences between Leading and Lagging indicators
3. Explain the role of an Apex bank and how can they control liquidity in the economy

Q. 5. Case study (15)

You are the governor of the Apex bank of a under developed economy. Currently this economy is seeing huge inflows of FDI and this is leading to increased forex reserves. Alongside, there is also an increase in employment rates within the country.

Questions:

1. Please explain what could be the next effects on the economy and how can the same be managed
 2. Please explain the role of apex bank in maintaining liquidity within the economy
 3. If given a chance, would you choose to print more money for your economy or build on gold reserves. Please explain.
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