

VIRTUAL UNIVERSITY OF PAKISTAN

A Good Education is a Foundation For a Better Future

CORRECT ANSWER SOLVED BY HADI
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TEAM HADI(VU LAHORE)

MID TERM PAST PAPER

We Deal All Kind of VU Project
(PHP, .NET, ANDROID, PYTHON)

MADE AND SOLVED BY HADI

WARNING: Team HADI is not responsible for any mistake or wrong answer. All students reading and using this document may check and confirm the answers at their own.



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Best of luck!



Question No : 1 of 27

Marks: 1 (Budgeted Time 1 Min)

In product market:

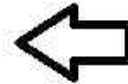
Note Correct answer solve with stamp :

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Answer (Please select your correct option)

☐ Households supply goods and services which businesses demand



☐ Households supply resources which firms demand

☐ Households demand inputs that firms supply

☐ Firms supply products which households demand

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Question No : 2 of 27

Marks: 1 (Budgeted Time 1 Min)

The endogenous variables can best be defined as the:

Answer (Please select your correct option)

☐ Variables which are fixed at the moment they enter the model.

☒ Variables which are determined within the model.

☐ Variables which does not change in any time.

☐ Variables from outside the model.

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Question No : 3 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following expenditures are counted as part of government consumption and investment?

Answer (Please select your correct option)

☐ Transfer payments



☐ Interest payments on the government debt

☐ Expenditures by state and local governments

☐ Social Security benefits

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Question No : 4 of 27

Marks: 1 (Budgeted Time 1 Min)

All of the following are categories of national income EXCEPT:

Answer (Please select your correct option)

☐ Net interest.

☐ Rental income.

☐ Corporate profits.

☐ Depreciation income.

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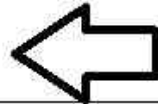
Question No : 5 of 27

Marks: 1 (Budgeted Time 1 Min)

A lower average money holding means more frequent trips to the bank to withdraw smaller amounts of cash. This causes:

Answer (Please select your correct option)

- ☐ Menu cost of inflation.
- ☐ Shoe leather cost of inflation.
- ☐ General inconvenience.
- ☐ Relative price distortions.



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Question No : 6 of 27

Marks: 1 (Budgeted Time 1 Min)

If S-I and NX are exactly equal to zero i-e the value of imports equals the value of exports then:

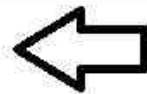
Answer (Please select your correct option)

☐ We have trade surplus.

☐ We have trade deficit.

☒ We have balanced trade.

☐ We have no trade at all.



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Question No : 7 of 27

Marks: 1 (Budgeted Time 1 Min)

An economy without international trade is known as:

Answer (Please select your correct option)

☐ A closed economy.

☐ An open economy.

☐ A Classical economy.

☐ A Keynesian economy.

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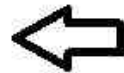
Question No : 8 of 27

Marks: 1 (Budgeted Time 1 Min)

The difference between exports and imports in determining the GDP is known as the:

Answer (Please select your correct option)

☐ Net exports.



☐

☐ Import tariffs.

☐

☐ Net imports.

☐

☐ Net income.

☐

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Which of the following equations is correct?

Answer (Please select your correct option)

- ☐ Real exchange rate = (exchange rate + domestic price level) / foreign price level
- ☐ Exchange rate = (real exchange rate × domestic price level) / foreign price level
- ☐ Real exchange rate = (nominal exchange rate × domestic price level) × foreign price level
- ☐ Real exchange rate = (nominal exchange rate × domestic price level) / foreign price level

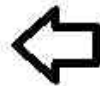


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The Golden Rule level of capital accumulation k^* gold denotes the steady state with the highest:

Answer (Please select your correct option)

☐ Level of consumption per worker.



☐ Level of output per worker.

☐ Growth rate of consumption per worker.

☐ Growth rate of output per worker.

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The circular flow is used to make the point that:

Answer (Please select your correct option)

- ☐ Households are both earners and spenders.
- ☐ Production generates income.
- ☐ Unemployment only occurs during a recession.
- ☐ Rising prices never occur during times of unemployment.



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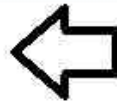
Question No : 12 of 27

Marks: 1 (Budgeted Time 1 Min)

An increase in investment is most likely to be caused by:

Answer (Please select your correct option)

- ☐ Lower interest rates.
- ☐ Lower national income.
- ☐ A decrease in the marginal propensity to consume.
- ☐ An increase in withdrawals.



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Improved training of employees would:

Answer (Please select your correct option)

- ☐ Shift aggregate supply to the right.
- ☐ Shift aggregate supply to the left.
- ☐ Shift aggregate demand to the right.
- ☐ Shift aggregate demand to the left.

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Question No : 14 of 27

Marks: 1 (Budgeted Time 1 Min)

The change in total product of labor resulting from a change in a labor input is known as:

Answer (Please select your correct option)

☐ Marginal product of capital.

☐ Average product of labor.

☐ Average product of capital.

☐ Marginal product of labor.



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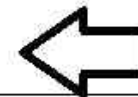
Question No : 15 of 27

Marks: 1 (Budgeted Time 1 Min)

The Solow residual measures:

Answer (Please select your correct option)

- ☐ The average growth rate of productive inputs less an adjustment for technological progress.
- ☐ The part of the growth of output not attributable to the growth of inputs.
- ☐ The share of net product that constitutes real capital income.
- ☐ The dynamic efficiency of an economy.



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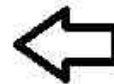
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The natural rate of unemployment will likely to fall if:

Answer (Please select your correct option)

☐ Unemployment benefits increase.



☐ Income tax increases.

☐ More training is available for the unemployed.

☐ Geographical immobility increases.

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Question No : 17 of 27

Marks: 1 (Budgeted Time 1 Min)

Suppose nominal GDP grew from Rs.12,0000 to Rs.14,0000 in 3 years. Over the same 3 years, the inflation rate was exactly 4 percent each year. Which of the following is TRUE about output for this economy over these 3 years?

Answer (Please select your correct option)

- ☐ Output stayed the same.
- ☐ Output grew, but less than 4 percent.
- ☐ Output grew by 4 percent.
- ☐ Output fell.

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Money that has an alternative use as an economic good is known as:

Answer (Please select your correct option)

☐ Commodity money.



☐ Fiat money.

☐ E-money.

☐ Bad money.

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Question No : 19 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following is true about M1?

ALLAH KA SIWA
KOI EBBADAT K
LIKE NAHI

Answer (Please select your correct option)

☐ It is the narrowest definition of the money supply.

☐ It includes the most liquid forms of money.

☐ It includes travelers' checks.

☐ All of the given options are true.



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According to Solow model, all other things unchanged, countries with rapidly growing population will tend to:

Answer (Please select your correct option)

- ☐ Be poorer than countries with lower population growth.
- ☐ Grow slower than countries with lower population growth.
- ☐ Have lower marginal products of capital than countries with lower population growth.
- ☐ Be richer than countries with lower population growth.

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Question No : 21 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following factors encourage technological progress?

PAKISTAN
ZINDABAD

Answer (Please select your correct option)

- ☐ The patent system.
- ☐ Tax incentives for research and development.
- ☐ Government subsidies for research.
- ☐ All of the given options.



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In the Solow growth model, persistent increases in standards of living are due to which of the following?

Zindagi ma kamyab hona hai tu
apne maa baap ki izzat kanra
sikho

Answer (Please select your correct option)

- ☐ Technological progress, which leads to sustained growth in output per worker.
- ☐ A high saving rate, which leads to sustained high rates of growth.
- ☐ A high rate of population growth, which leads to a larger labor force.
- ☐ All of the given options.



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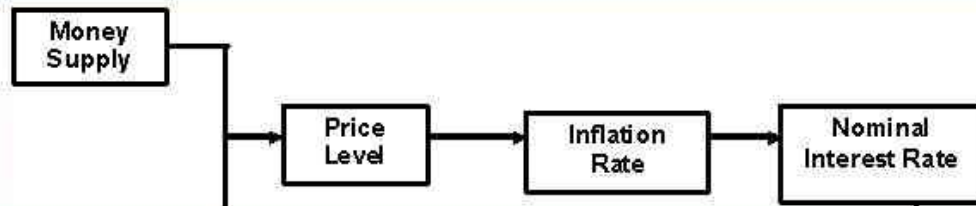
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Question No : 23 of 27

Marks: 3 (Budgeted Time 6 Min)



Answer ([Please click here to Add Answer](#))



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This is hypothetical data taken from the economy of Korea for December 2000:

Labor force = 247, 574, 00

Employment = 205, 777, 00

Calculate the unemployment rate for the month.

Answer ([Please click here to Add Answer](#))

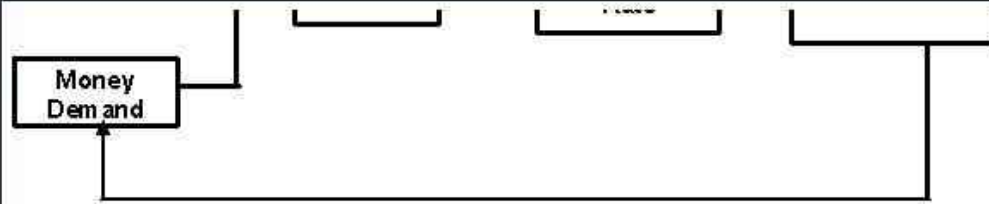


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Question No : 23 of 27

Marks: 3 (Budgeted Time 6 Min)



Answer ([Please click here to Add Answer](#))



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Question No : 23 of 27

Marks: 3 (Budgeted Time 6 Min)



INTERPRET all the points in this figure.

Answer ([Please click here to Add Answer](#))



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Question No : 25 of 27

Marks: 3 (Budgeted Time 6 Min)

Explain any three ways by which government policy affects frictional unemployment.

Answer ([Please click here to Add Answer](#))



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Ahmad buys stock of PIA at Rs. 20,000 on 01-01-2003 and sold at Rs.25,000 on 31-12-2003.

-) What is the nominal capital gain (in percentage) from this investment?
- a) If inflation rate is 20% in 2003, what is the real capital gain?

(Marks: 2.5+2.5)

Answer ([Please click here to Add Answer](#))



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What will be the effect of the following changes on the unemployment rate, wages, and waiting time?

- . An increase in union membership
- a. A decrease in the minimum wage.

Marks: (2.5+2.5)

Answer ([Please click here to Add Answer](#))



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