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**SUBJECT : EcnomicS**

**SEMESTER : 2ND**

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Q1: (a)What effect will each of the following have on the demand for small automobiles such as the Mini Cooper and Smart car? (5 Marks)

**( ANSWER : 1 )**

**SMALL AUTOMIBILES HAVE MADE HUMAN'S LIFE SO EAISY THAT CAN HELP TO CONVEY MASSAGE TO EVERY WHERE SO FASTLY .**

**A human can travel more faster due to these automobiles..**

**some of the automobiles has their own specifications..**

**as small automobiles have different kinds of demanding criteria due to diffrent categories and differnce on shape and size..**

**the smll automobiles such as mini coopers uses for normally use to carry some peoples to any where which can be perchased and can not be that much hard to be efforded..**

**where the smart car is hard to be perchased by any one ..**

**the smart car has their specifications with some unique installations ..**

**and as well as their is quite difference between those two mobiles..**

**actually now a days every budyy can perchase a car as luike minicoopers ..**

**but not every buddy can perchase this eaisly and can not manage it.. so thus demand increases for a automobile like minicoopers and a smart car can be demanded for the specific persons ..**

**a. Small automobiles become more fashionable**

**(ANSWER** **)**

YES BEACAUSE every buddy is inventing some new technology new new inventions come up with daily bases and as well as with some new technology with some new designes and comfortness..

**b. The price of large automobiles rises (with the price of small autos remaining the same)?**

**(ANSWER )**

**yes ofcourse the price of the large automobiles rises with the time to time due to some specific resons it is directly connected with the economy..**

**when the economy of a contry is stronger so thus the price pf every goods will be lover and will be eaisly to be perchased**

**well there is difference in the pricess of large automobiles because of its specifications.**

**the price of the large automobiles has been defined as the condition of large automobiless.**

**c. Income declines and small autos are an inferior good.**

**( ANSWER )**

**YES INCOME DECLINE BECAUSE OF ECONOMY CRASES..**

**d. Consumers anticipate that the price of small autos will greatly come down in the near future.**

**( ANSWER )**

**YES BECAUSE THE PRICE WILL BE COMMING to be achiveable any large automobiles**

**so if a person can take a large autao why should he will by small auto..**

**e. The price of gasoline substantially drops.**

**( ANSWER )**

**drops with the time of its own..**

**because of economical barriors will be opned so soon due to CEPC ( CHINA PAKISTAN ECNOMICAL CORRIDORE )**

**(b) Explain the law of demand. Why does a demand curve slope downward? How is a market demand curve derived from individual demand curves? (5 Marks)**

**( ANSWER )**

**The law of demand is when every there will be need there will be want as well..**

**and those two when it combines it creats demand..**

**and for demand there shoud be a specific reason and a specific demand of a product ..**

**for example :- ( iphone vs samsung mobile phones .. )**

**iphone offers 1phone 11 pro max with a stunning battery life and owefull speed with high price so the demand is high but not every budyy can efford it whether samsung offers the same phone in reasonable price of to be supported**

**Q2: Define monetary policy and explain in detail the instruments of monetary policy? (10Marks)**

**( ASNWER )**

**(MONETARY POLICY ) MONETRY policy is the macroecnomical policy laydown by the central bank ..**

**it invovles managment of money through time by time ..**

**if the rate of interest lows or getting high they have the command and formulation to control it**

**that also cause inflation and the planning through out to figgure the rate of inlation and to fix it with the time with increasing the rate of intrest in the other banks ..**

**the central bank keep them with the formukation that a contry economy cannot gets down the trades going on and the value of money icresasing time by time..**

**so thus they achive it with the monetary policy through out this formula that rate of inflation and rate of interest flows to each other oppositly ..**

**Q3: Explain the following. (10 Marks)**

**( ANSWER )**

* **Deduction & induction method**
* **deduction is the method of ecnmics which deals with the reasoning or inference from the generel to the perticuler or from the universal to the individual while induction is also a method of ecnomics to be applied for a specific reason it is the process of reasoning from a part to whole from the perticular to generals to from the individuals to the universal it is also called an collected avverage and then gernal conclusions are drawns**
* **Micro & Macroeconomics**
* **MICRO :-**
* **mean small and there fore here the nicroecnomics means to study the ecnpomics in small scale** the large scale **WHERE**
* **MACRO :-**
* means is the study of large ecnomical system and decidion making there on a large scale.. some of the GOVERNAMENTS USES this technique to manupulate how much texatipon has to be applied ..
* **Positive science & Normative science**
* positive science implies that scince which has establish realationship case and effect words it scientifically analysis a problem and examins that case of problem
* ecnomic is the both positive and nomative sciene ammour about what is or how is the ecnomics problem a cociety are actually solved there in positive economy .. we study human decicion as fact which can be verified with actual data
* **Any of the four principles of economics**
* **product**
* **pricing**
* **place**
* **promotion**