**Subject: Introduction to Economics**

**Final Assignment**

Q1: Discuss the following concepts?

1. Gross Domestic Product
2. Gross National Product
3. Inflation Rate and exchange rate
4. Government expenditure
5. Aggregate demand and aggregate supply
6. Consumption expenditure

Q2: Explain the following concepts in detail?

* 1. Natural rate of unemployment
  2. Frictional unemployment
  3. Structural unemployment
  4. Cyclical unemployment
  5. Minimum wage law
  6. Efficiency wage theory

Q3: In the major cities in Pakistan, getting water supply by illegally using booster pumps attached to the city water line is not an uncommon practice. Consider two neighbouring households *A* and *B*. If neither switches on the pump, each gets 10 units of supply. If both turn on the pump, each gets 7 units (implicit here is that the electricity cost of using the pump in terms of buying water is 3 units). But if one switches on while the other does not, the former gets 15 units and the latter gets 5 units. Construct the payoff matrix. Using Nash equilibrium, what does the game theory predict in terms of behaviour towards switching on the booster pump?

Q4: Explain all the factors which can shift aggregate demand and aggregate supply?