# Sir Asif Iqbal – Intro to Economics – 5th Semester – BSITM2

**Q Macro Economics?**

* Macroeconomics is a branch of economics that studies the behavior and performance of an economy as a whole. This includes topics such as inflation, unemployment, economic growth, and monetary and fiscal policy. Macroeconomic analysis is used to understand and make predictions about the overall functioning of an economy. It is concerned with the aggregate behavior of the economy, rather than the behavior of individual markets or businesses.
* Macroeconomics is the branch of economics that studies the behavior and performance of an economy as a whole, rather than individual markets. It focuses on the aggregate measures of an economy, such as gross domestic product (GDP) and the unemployment rate, and on the interactions between different sectors of the economy, such as the relationship between unemployment and inflation. The goal of macroeconomic policy is to achieve a stable and healthy economy by maintaining low unemployment, low inflation, and strong economic growth.

Q National Income, GDP?

* National income is a measure of the total amount of income earned by the residents of a country in a given period of time, usually a year. It includes the incomes earned from both the production of goods and services and from foreign investments. National income is an important measure of the economic performance of a country, as it reflects the ability of the economy to produce goods and services and generate wealth for its citizens.

National income is the total value of the goods and services produced by a country's economy in a given period of time, typically a year. It is also known as a country's gross domestic product (GDP). National income is an important measure of the overall economic performance of a country, as it represents the total amount of money earned by the people, businesses, and government of the country. This can be measured in various ways, such as by the value of all goods and services produced, or by the total amount of money earned by the people, businesses, and government of the country. National income is used to calculate a country's gross national product (GNP), which is the total value of all goods and services produced by the country's residents, regardless of where those goods and services are produced.

Q Factors of Natio98/69+8\*/8\*nal income ?

There are several factors that determine a country's national income, including:

1. The level of production in the economy: The more goods and services that are produced, the higher the national income will be.
2. The prices of goods and services: If prices rise, the national income will also increase, even if the quantity of goods and services produced remains the same.
3. The efficiency of production: If the same level of production can be achieved with fewer inputs, such as labor and raw materials, the national income will be higher.
4. The level of employment: A higher level of employment means that more people are earning income, which in turn boosts the national income.
5. The level of international trade: A country that exports more goods and services than it imports will have a higher national income than a country that imports more than it exports.
6. The level of government spending: Government spending can boost the national income by creating jobs and stimulating demand for goods and services.

Q 1. GNP ?

1. Gross national product (GNP) is a measure of a country's economic output that takes into account the total value of all goods and services produced by the country's residents, regardless of where those goods and services are produced. It is similar to gross domestic product (GDP), which measures the total value of all goods and services produced within a country's borders. The main difference between GNP and GDP is that GNP includes the income earned by a country's residents from investments and businesses abroad, while GDP only includes the income earned within the country's borders. GNP is used to /hjmeasure the overall size and strength of a country's economy, and to compare it to the economies of other countries.

Q 2. NNP:-

Net national product (NNP) is a measure of a country's economic output that takes into account the total value of all goods and services produced by the country's residents, minus the cost of the goods and services used up in the process of production. In other words, it is the total value of a country's production, adjusted for the depreciation of capital goods. NNP is similar to gross national product (GNP), which measures the total value of all goods and services produced by a country's residents, regardless of where they are produced. The main difference between NNP and GNP is that NNP subtracts the cost of capital goods that have been used up or depreciated, while GNP includes the value of those capital goods. NNP is used to measure the amount of income generated by a country's economy that is available for consumption or saving

Q 3. GDP?

Gross domestic product (GDP) is the total value of goods and services produced within a country's borders in a given period of time, typically a year. It is an important measure of the size and health of a country's economy, and is used to compare the economies of different countries. To calculate GDP, the total value of all goods and services produced within a country's borders is added up, and any income earned by a country's residents from investments and businesses abroad is subtracted. This measure is known as gross national product (GNP), which is similar to GDP but includes the income earned by a country's residents from foreign investments and businesses. The main difference between GDP and GNP is that GDP only includes the income earned within a country's borders, while GNP includes the income earned by a country's residents regardless of where it is earned.

Q 4. Consumption Function?

The consumption function is a relationship between consumer spending and disposable income. It is a key concept in macroeconomics, which studies the behavior and performance of an economy as a whole. The consumption function shows how much of an increase in disposable income is typically saved, and how much is spent on goods and services. The consumption function is typically represented by a line on a graph, with disposable income on the x-axis and consumer spending on the y-axis. The slope of the line indicates the marginal propensity to consume (MPC), which is the percentage of any increase in disposable income that is typically spent on goods and services. The consumption function is an important tool for policymakers, as it helps them understand how changes in disposable income can affect consumer spending and the overall economy.

Q 5. Money Demand?

In macroeconomics, money demand refers to the quantity of money that people and businesses are willing and able to hold at a given level of income and interest rates. Money demand is influenced by a number of factors, including the level of income, the level of interest rates, and the level of uncertainty in the economy. When income is high, people and businesses are likely to hold more money, because they have more to spend. When interest rates are low, people and businesses are also likely to hold more money, because they can earn a lower return on their investments. When uncertainty is high, people and businesses may also hold more money, as a way to protect themselves against potential risks. The demand for money is an important concept in macroeconomics, as it helps to explain the relationship between money and other economic variables, such as inflation and interest rates.

Q 6. Fiscal Policy?

Fiscal policy refers to the use of government spending and taxation to influence the economy. It is one of the main tools that governments use to achieve their economic objectives, such as low unemployment, low inflation, and strong economic growth. Fiscal policy can be expansionary or contractionary. Expansionary fiscal policy involves increasing government spending and/or reducing taxes in order to stimulate economic growth and reduce unemployment. Contractionary fiscal policy, on the other hand, involves reducing government spending and/or increasing taxes in order to slow down the economy and control inflation. The choice of a particular fiscal policy depends on the economic conditions of the country and the government's goals.

Q 7. Monitory policy?

Monetary policy refers to the actions taken by a central bank, such as the Federal Reserve in the United States, to influence the money supply and interest rates in an economy. The goal of monetary policy is to maintain price stability, full employment, and economic growth. Monetary policy can be expansionary or contractionary. Expansionary monetary policy involves increasing the money supply and lowering interest rates in order to stimulate economic growth and reduce unemployment. Contractionary monetary policy, on the other hand, involves reducing the money supply and raising interest rates in order to slow down the economy and control inflation. The choice of a particular monetary policy depends on the economic conditions of the country and the central bank's goals.

Q 8. Types of money?

There are several types of money, including:

1. Physical money: This includes cash and coins, which are physical objects that are used as a medium of exchange.
2. Demand deposits: These are accounts at a bank or other financial institution that can be accessed quickly and easily, such as checking accounts.
3. Time deposits: These are accounts at a bank or other financial institution that require the funds to be deposited for a fixed period of time, such as certificates of deposit.
4. Money market instruments: These are short-term debt instruments, such as treasury bills and commercial paper, that are used to raise funds for governments and businesses.
5. Electronic money: This refers to digital currencies and other forms of electronic payment, such as debit cards and online payment systems.

The type of money used in an economy depends on the country's financial system and the preferences of consumers and businesses.

Q 9. Inflation?

Inflation is a measure of the rate at which the general level of prices for goods and services is rising and subsequently, purchasing power is falling. Central banks attempt to limit inflation, and avoid deflation, in order to keep the economy running smoothly.

Q 9. Financial Markets?

Financial markets are places where buyers and sellers can trade financial securities, commodities, and other assets. Some of the most well-known financial markets include stock markets, where companies can issue stocks to raise capital, and bond markets, where governments and companies can issue debt to borrow money. Other important financial markets include currency markets, where people can buy and sell different national currencies, and commodity markets, where people can trade raw materials and other goods. Financial markets play a key role in the global economy by providing a way for people to invest money and for companies to raise the capital they need to grow and expand.