

**Diploma in Islamic Banking Examination, November-2022**

**102: Principles of Economics: Conventional & Islamic**

**Part : I                      Full Marks: 100**

**Time : 3 Hours      Pass Marks: 45**

(N.B.: Answer any 5 (five) of the following questions. The figures in the right margin indicate full marks.)

1. a) Define the Economics. Discuss the main features of Capitalistic, Socialistic & Islamic economics. 8
- b) "Islamic Economic System ensures social justice and equitable distribution of wealth more ethically" Explain. 7
- c) Explain "Equitable justice is better than Equality". 5
2. a) Explain Law of Demand and Law of Supply with graphical presentation. 5
- b) What is shift in demand curve in economics? Explain with graphical presentation. 5
- c) What is Elasticity of Demand? What is the implication of measuring Price Elasticity, Income Elasticity and Cross Elasticity of demand? 10
3. a) In what sense Cardinal Utility and Ordinal Utility are different from Marginal Utility? Explain. 8
- b) State the implication of "Law of Diminishing Marginal Utility" explain with example. 7
- c) What is Market? What do you understand by "Invisible Hand" in the market economy? 5
4. a) Define and distinguish among i) Fixed Cost ii) Variable Cost iii) Average Cost and iv) Marginal Cost with graphical presentation. 8
- b) Distinguish between Economies and Diseconomies of Scale. 5
- c) Define GDP, GNP, NNP and Per Capita Income. 7
5. a) Define Money. Distinguish between Narrow Money and Broad Money. 6
- b) Distinguish between Monetary Policy and Fiscal Policy mentioning the major tools of monetary policy and fiscal policy. 8
- c) Discuss the Quantity Theory of Money and describe limitations of it. 6
6. a) What is Money Market? Why Islamic money market is essential for Islamic banks and financial institutions? 6
- b) Define Targeted Inflation. Discuss the ways of controlling inflation in conventional economy and Islamic economic system. 7
- c) Differentiate between Money Market and Capital Market with mentioning the major money market instruments. 7
7. a) What is Real Income? How real income is affected by inflation? 6
- b) Discuss the ways of controlling inflationary pressure stating the major tools of controlling inflation in the economy. 8
- c) What are the differences between Currency Board and Dollarization? 6
8. Write short notes on any 5 (five) of the following: 5x4=20
  - i) Indifference Curve
  - ii) Foreign Direct Investment (FDI)
  - v) Consumer Surplus vs. Producer Surplus
  - vii) Surplus Budget and Deficit Budget
  - viii) Expansionary vs. Contractionary Monetary Policy
  - ii) Growth and Development
  - iv) Inclusive Growth
  - vi) Open Market Operation

**The End**