



UNIVERSITY OF THE PUNJAB

Third Semester 2017
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Intermediate Micro Economics
Course Code: ECON-201/ECO-21318

TIME ALLOWED: 2 hrs. & 30 mins.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

SUBJECTIVE PART

- Q. No. 2 Briefly answer the following questions (4x5=20)
- Homogenous Product
 - Conditions for price discrimination to be possible and worthwhile.
 - Cross elasticity of demand
 - Equilibrium conditions of a firm
 - Horizontal demand curve
- Q. No. 3 Explain minimization of cost subject to constant output. (10)
- Q. No. 4 How price and output is determined under monopoly? (10)
- Q. No. 5 Explain the major properties of Cobb Douglas Production function. (10)



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OBJECTIVE PART

Q. No. 1 Choose the correct option

(1x10=10)

- I. Monopolist's supply curve is
- a) the marginal cost curve above minimum average variable cost
 - b) the marginal cost curve above minimum average total cost
 - c) the marginal cost curve below marginal variable cost
 - d) nonexistent
- II. A firm will be willing to produce at a loss in the short run if:
- a) The loss is no greater than its total fixed costs
 - b) The loss is no greater than its average fixed costs
 - c) The loss is no greater than its total variable costs
 - d) The loss is no greater than its average variable cost.
- III. A pure monopoly is an industry with a single firm that produces a product for which there are
- a) no close substitutes and in which no significant barriers to entry exist
 - b) Many close substitutes and in which significant barriers to entry exist.
 - c) No close substitutes and in which there are significant barriers to entry
 - d) Many close substitutes and in which there are significant barriers to entry.
- IV. A firm or industry structure characterized by a few firms each large enough to influence market price is
- a) Perfect competition
 - b) Monopolistic competition
 - c) Oligopoly
 - d) Monopoly
- V. For a monopolist, price
- a) Equals marginal revenue
 - b) Is less than marginal revenue?
 - c) Is greater than marginal revenue
 - d) Can be greater than or less than marginal revenue

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- VI. Which of the following is NOT a characteristic of monopolistic competition?
- a) Large number of firms
 - b) Product differentiation
 - c) Mutual interdependence
 - d) No barriers to entry
- VII. In monopolistic competition, firms achieve some degree of market power
- a) By Virtue of size alone
 - b) By producing differentiated products
 - c) Because of barriers to entry into the industry
 - d) Because of barriers to exist from the industry.
- VIII. The demand schedule or curve confronted by the individual purely competitive firm is:
- a) Perfectly inelastic
 - b) Inelastic but not perfectly inelastic
 - c) Perfectly elastic
 - d) Elastic but not perfectly elastic
- IX. The feature that distinguishes monopolistic competition from perfect competition is that monopolistically competitive firms are
- a) Large relative to the market
 - b) Price takers
 - c) Able to block the entry of other firms
 - d) Able to differentiate their product
- X. Which one of the following is called price maker
- a) Oligopolist
 - b) Monopolist
 - c) Perfect competitor
 - d) Duopolist



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MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

OBJECTIVE

NOTE: Attempt all the questions.

Q. # 1: Choose the correct option.

(1x10=10)

I. Slope of the budget line is.

- (a) $\frac{dy}{dx}$ (b) $\frac{dx}{dy}$ (c) $\frac{px}{py}$ (d) $\frac{py}{px}$

II. Following the assumption of consistency, if $A > B$ then

- (a) $B > A$ (b) $B < A$ (c) $B = A$ (d) None of them

III. The following curves are U-shaped except

- (a) The AVC curve (b) The AFC curve
(c) The AC curve (d) The MC curve

IV. Given the supply of a commodity in the market period, the price of commodity is determined by.

- (a) The market demand curve alone
(b) The market supply curve alone
(c) The market demand and supply curve
(d) None of the above

V. Under perfect competition.

- (a) $MR > AR$ (b) $AR > MR$
(c) $MR = AR$ (d) None of the above

VI. A firm is price taker in.

- (a) Oligopoly (b) Duopoly
(c) Perfect competition (d) Monopoly

VII. At the shut down point.

- (a) $P = AVC$ (b) $TR = TVC$
(c) Total losses of the firm equal TFC (d) All of the above

VIII. Which of the following most closely approximates our definition of oligopoly

- (a) The cigarette industry (b) The barber shops in a city
(c) The petrol pumps in a city (d) Wheat farmers in Punjab

IX. In monopoly competition we have.

- (a) Few firms selling a differentiated product
(b) Many firms selling a homogeneous product
(c) Few firms selling homogeneous product
(d) Many firms selling differentiated product

X. According to marginal productivity theory a firm will employ labour when.

- (a) $VMP > W$ (b) $VMP < W$ (c) $VMP = W$ (d) None of them



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MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

SUBJECTIVE

- Q. # 2:** Short answer the following. (4x5=20)
- I. Cross elasticity of demand.
 - II. Explicit cost and implicit cost
 - III. Perfect competitions
 - IV. Bilateral monopoly
 - V. Monopolistic competition
- Q. # 3:** Explain consumer's equilibrium with the help of indifference curves. (10)
- Q. # 4:** Explain with the help of a diagram, the output maximization of a firm subject to given cost constraint. (10)
- Q. # 5:** Explain firm's equilibrium in short run under perfect competition. (10)



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MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

SUBJECTIVE PART

- Q. No. 2 Briefly answer the following questions (4x5=20)
- Downward sloping demand curve under monopoly
 - Multiplant monopoly
 - Shut down situation under perfect competition
 - Abnormal profit under monopolistic competition
 - Price discrimination
- Q. No. 3 Explain the concept of consumer's equilibrium through indifference curve approach. (10)
- Q. No. 4 What are the points of differences between perfect competition and monopolistic competition? (10)
- Q. No. 5 Explain the major properties of Cobb Douglas Production function. (10)



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OBJECTIVE PART

Q. No. 1 Choose the correct option (1x10=10)

- I. Apples and Oranges are substitute goods; a freeze in Florida destroyed a good portion of the orange crop. Ceteris paribus
- a) The price of both apples and oranges will increase
 - b) The price of both apples and oranges will fall
 - c) The price of oranges will increase and the prices of apples will decrease
 - d) The price of oranges will decrease and the prices of apples will increase
- II. When the decrease in the price of one good causes the demand for another good to decrease, the goods are
- a) Normal
 - b) Inferior
 - c) Substitutes
 - d) complements
- III. Which one will not cause a shift in supply curve?
- a) Improvement in technology
 - b) Wage rate
 - c) Price of the product
 - d) Interest rate
- IV. Sunk costs are
- a) Costs that cannot be avoided, because they have already been incurred
 - b) The costs of what we give up when we make a choice or a decision
 - c) The additional costs of producing an additional unit of a product
 - d) The additional costs of consuming an additional unit of a product
- V. Accounting profit is defined as:
- a) Total Revenue – Implicit Cost
 - b) Total Revenue - Total Opportunity Cost
 - c) Total Revenue – Explicit Cost
 - d) None of the above

P.T.O.



UNIVERSITY OF THE PUNJAB
Third Semester – 2019
Examination: B.S. 4 Years Program

Roll No. in Fig.

Roll No. in Words.

PAPER: Intermediate Micro Economics

MAX. TIME: 15 Min.

Course Code: ECON-201/ECO-21318 Part-I (Compulsory)

MAX. MARKS: 10

Signature of Supdt.:

Attempt this Paper on this Question Sheet only.

Please encircle the correct option. Division of marks is given in front of each question.

This Paper will be collected back after expiry of time limit mentioned above.

Q.1. Encircle the right answer, cutting and overwriting is not allowed. (1x10=10)

1. If marginal cost equals average total cost, average total cost will:
 - a. Be maximized
 - b. Decrease
 - c. Increase
 - d. Be minimized
2. A firm will shut down in the short-run if
 - a. It is suffering a loss
 - b. Fixed costs exceed revenues
 - c. Variable costs exceed revenues
 - d. Total costs exceed revenues
3. Which of the following is not characteristic of perfect competition?
 - a) Large number of sellers
 - b) Differentiated product
 - c) Easy entry
 - d) No advertising
4. For a monopolist to sell more units of output:
 - a) The price of the output must be increased
 - b) The price of the output must be decreased
 - c) Demand must become more elastic
 - d) The other competing firms must sell fewer units
5. When the decrease in the price of one good causes the demand for another good to decrease, the goods are:
 - a) Normal
 - b) Inferior
 - c) Substitutes
 - d) Complements
6. Which of the following is NOT a characteristic of monopolistic competition?
 - a) Large number of firms
 - b) Product differentiation
 - c) Mutual interdependence
 - d) No barriers to entry

P.T.O.



UNIVERSITY OF THE PUNJAB

Third Semester – 2019

Examination: B.S. 4 Years Program

Roll No.

PAPER: Intermediate Micro Economics

Course Code: ECON-201/ECO-21318 Part – II

MAX. TIME: 2 Hrs. 45 Min.

MAX. MARKS: 50

ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Question No. 2 Write short answer to the following (4 x 5=20)

- i. Giffen Goods
- ii. Income Elasticity
- iii. Sunk Cost
- iv. Price Discrimination
- v. Bi-lateral Monopoly

Question No. 3

Bring out the differences between perfect competition and monopoly. (10)

Question No. 4

Critically examine the Marginal Productivity Theory. (10)

Question No. 5

Explain consumer's equilibrium with the help of indifference curve. (10)



Q.1. Answer the following short questions:

(6x5=30)

- 1) Indifference curves
- 2) Giffen goods
- 3) Weak axiom of revealed preference
- 4) Slutsky equation
- 5) Increasing vs. decreasing returns to scale
- 6) Cournot equilibrium

Q.2. Answer the following questions.

- 1) Suppose that the price of tea is Rs. 30 and price of a slice of cake is Rs. 60. Also assume that your daily income is Rs. 120. Now suppose that the price of tea increases to Rs. 40.
 - a) Graphically show the original budget set and the new budget set after the increase in the price of tea. [3 marks]
 - b) Graphically show the income effect and the substitution effect. [3 marks]
 - c) Discuss how the change in price of tea cause an increase or decrease in the demand for tea using the income effect and the substitution effect. [4 marks]
- 2)
 - a) Suppose a firm is maximizing profits in the short run with variable input x_1 and fixed input x_2 . If the price of x_2 goes down, what happens to the firm's use of x_1 ? [4 marks]
 - b) What happens to the firm's level of profits? [2 marks]
 - c) By increasing or decreasing its profits, would the firm's stock market value also increase or decrease? [4 marks]
- 3)
 - a) Describe price discrimination and discuss the conditions under which a firm may choose to follow price discrimination strategy. [5 marks]
 - b) Differentiate between first-degree price discrimination, second-degree price discrimination, and third-degree price discrimination. [5 marks]



THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Answer the following short questions: (6x5=30)

- 1) Budget line
- 2) Cross price elasticity of demand
- 3) Giffen goods
- 4) Slutsky equation
- 5) Principle of Increasing marginal utility cost in reference to Production Possibility Curve
- 6) Pareto Optimal Allocation

Q.2. Answer the following questions.

- 1) Suppose that the price of coffee is Rs. 30 and price of a donut Rs. 60. Also assume that your daily income is Rs. 120. Now suppose that the price of coffee increases to Rs. 40.
 - a) Graphically show the original budget set and the new budget set after the increase in the price of coffee. [3 marks]
 - b) Graphically show the income effect and the substitution effect. [4 marks]
 - c) Compute cross price elasticity of demand for donut due to change in price of coffee. [3 marks]
- 2) a) Suppose a firm is maximizing profits in the short run with variable input x_1 and fixed input x_2 . If the price of x_2 goes down, what happens to the firm's use of x_1 ? [4 marks]
 - b) What happens to the firm's level of profits? [2 marks]
 - c) By increasing or decreasing its profits, would the firm's stock market value also increase or decrease? [4 marks]
- 3) a) Describe price discrimination and discuss the conditions under which a firm may choose to follow price discrimination strategy. [5 marks]
 - b) Graphically show the profit maximizing situation of a firm (operating in perfect competition) where the firm is suffering from losses but is not shut down. [5 marks]



UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Fourth Semester – Spring 2022

Paper: Intermediate Macroeconomics

Course Code: ECON-202

Roll No.

Time: 3 Hrs. Marks: 60

THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Answer the following short questions: (6x5=30)

- 1. Discuss Tobin's Q theory of investment.**
- 2. Discuss Philips curve.**
- 3. Discuss Keynesian Law of consumption.**
- 4. Discuss inflationary and deflationary gaps.**
- 5. Discuss quantity theory of money.**
- 6. Discuss concepts of full employment and under employment.**

Q.2. Answer the following questions (3x10=30)

- 1. What is LM curve? Derive LM curve and discuss factors affecting the position and slope of LM curve.**
- 2. Discuss instruments of credit control and the role of central bank.**
- 3. Discuss remedial measures to combat inflation and unemployment.**