



UNIVERSITY OF THE PUNJAB

First Semester – 2019

Examination: B.S. 4 Years Program

Roll No.

PAPER: Principles of Micro Economics
Course Code: ECON-101-A Part – II

MAX. TIME: 2 Hrs. 45 Min.
MAX. MARKS: 50

ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Q. 2 Give short answers to the following questions.

- i) State the Law of Diminishing Marginal Utility. Briefly explain with an example. (4)
- ii) Explain the relationship between total utility and marginal utility of a commodity using diagram. (4)
- iii) Consider the particulars given below:

Coffee		Sandwich	
Cups	Total Utility	Units	Total Utility
1	30	1	13
2	55	2	25
3	75	3	36
4	90	4	46
5	100	5	55

Suppose the price of coffee is \$2 per cup while that of sandwich is \$1 per unit. Total income of the consumer is \$10. Using the Equi-marginal principle, tell the best combination of coffee and sandwich that a consumer will purchase in equilibrium. (4)

- iv) What is an indifference curve? Explain why two indifference curves cannot intersect. (4)
- v) What is Marginal Rate of Substitution (MRS)? What happens to the MRS as you move along a convex indifference curve? (4)

Q.3: Give brief answers to the following questions.

i). Suppose a firm under monopoly faces the following cost function:

$$C = 100 + Q^2$$

The demand curve is given by:

$$P = 80 - Q$$

- a) What is the level of equilibrium output and price? (4)
- b) Calculate the firm's profits, total cost, marginal cost and average variable cost. (4)
- c) Are the profits really maximum? (2)

(Hint: Check the second order condition for profit maximization i.e. Slope of MR < slope of MC)

ii). Explain the law of variable proportions. (10)

iii). Use demand and Supply analysis to illustrate how each of the following events would affect the price of butter and the quantity of butter bought and sold. (5, 5)

- a) An increase in the price of milk.
- b) A decrease in income of the consumer.



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Roll No. in Fig.

Roll No. in Words.

PAPER: Principles of Micro Economics
Course Code: ECON-101 Part – I (Compulsory)

MAX. TIME: 15 Min.
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)

01. By nature, Economic Laws are:

- a. Exact
- b. Permanent
- c. Conditional
- d. Quantitative.

02. The characteristic of a commodity to satisfy a human want is termed as :

- a. Utility
- b. Value
- c. Usefulness
- d. Wealth

03. The slope of Marginal Utility curve is :

- a. Negative
- b. Positive
- c. Zero
- d. Infinity

04. In case of rise in demand , the demand curve shifts:

- a. Right
- b. Left
- c. Both Sides
- d. Remains the same.

05. If Income Elasticity is positive , then the nature of Commodity is:

- a. Inferior
- b. Giffen
- c. Superior
- d. None of these

06. The sole cause of Expansion and Contraction in Quantity Supply is :

- a. Price
- b. Population
- c. Taxes
- d. Technology

07. If the Elasticity of Supply is more elastic, then the Supply Curve is :

- a. Flatter
- b. Steeper
- c. Horizontal
- d. Vertical

08. The perishable Goods are usually sold in :

- a. International Market
- b. National Market
- c. Local Market
- d. None of these

09. The Law of Increasing Returns to scale mostly applies to:

- a. Industry
- b. Agriculture
- c. Trade
- d. Construction

10. The necessary condition of firm's equilibrium is :

- a. $MC=MR$
- b. $MC > P$
- c. $MC > MR$
- d. $MC=AC$



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Q2: Precisely answer any five from following short question.

All question carry equal marks. (5x4=20)

- A) Define Marginal Utility?
- B) Define Partnership?
- C) What is meant by Demand?
- D) Define Joint Stock Company?
- E) Define Marginal Revenue?

Briefly explain the following questions. (10x3=30)

Q3: Define and explain law of Diminishing Marginal Utility with the help of Schedule and diagram?

Q4: Explain Market equilibrium with the help of table and diagram?

Q5: Explain the normal profit situation of a perfect competitive firm in short run ?



UNIVERSITY OF THE PUNJAB

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

Paper: Principles of Micro Economics

Course Code: ECON-101

Roll No.
Time: 3 Hrs. Marks: 60

THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Give short answers to the following concepts.

(5x6=30)

- a. Ordinal Utility approach
- b. Budget line
- c. Normal goods
- d. Cross elasticity
- e. Income elasticity of demand

Q.2. Answer the following questions.

(3x10=30)

- i. Explain the Law of Diminishing Marginal Utility
- ii. The demand and supply functions of automobile industry in Pakistan are $Q=60-3P$ and $Q=20+2P$. Find out equilibrium price and quantity. Show the equilibrium level graphically. What will happen in market if price come at the level of 4?
- iii. Show graphically the impact of the following on the equilibrium price and quantity when:
 - A. Demand increases and supply falls in equal proportion
 - B. when supply increases more than increase in demand



UNIVERSITY OF THE PUNJAB

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

Paper: Principles of Micro Economics

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Roll No.
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UNIVERSITY OF THE PUNJAB

Roll No.

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

PAPER: Principles of Micro Economics
Course Code: ECON-101 / ECO-11318

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

(OBJECTIVE PART)

		(5x2=10)
Q1.	Encircle the correct answer.	
I	If income elasticity of demand is negative then the good is a) an inferior good b) a normal good c) a luxury good d) an income-neutral good	
II	The price of a newspaper rise by 10% and quantity demanded of newspaper fall by 10%. This means that the demand for newspaper is a) perfectly elastic b) unitarily elastic c) elastic d) inelastic	
III	The concept of choice would become irrelevant if a) we were dealing with a very simple, one person economy b) poverty were eliminated c) scarcity were eliminated d) capital were eliminated	
IV	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	
v	Which of the following is not characteristic of perfect competition? a) large number of sellers b) differentiated product c) easy entry d) no advertising	



UNIVERSITY OF THE PUNJAB

First Semester 2015

Examination: B.S. 4 Years Programme

Roll No.

PAPER: Principles of Micro Economics
Course Code: ECON-101 /

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

Attempt this Paper on Separate Answer Sheet provided.

SUBJECTIVE TYPE

Q# 2

Give short answer to the following questions

(5X4=20)

- i. Define exchange rate with the help on example.
- ii. Define law of supply. Write any 2 assumptions.
- iii. Differentiate between short run and long run.
- iv. What is price discrimination?
- v. Differentiate between fixed and Variable cost.

Q# 3

Explain Law of Equi marginal utility with the help on table and diagram.

(10)

Q# 4

Explain Law of Decreasing return with the help of table and diagram and give assumption.

(10)

Q#5

Explain how price and out put is determined under perfect competition.

(10)



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Roll No.

First Semester 2015
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Course Code: ECON-101 /

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

Question #1 . Encircle the correct option from the following: (10X1=10)

1. Slope of Marginal Utility curve is:
 - A. Positive
 - B. Negative
 - C. Vertical
 - D. Horizontal
2. Which of the following is not a resource as the term is used by economists?
 - A. money.
 - B. land.
 - C. buildings.
 - D. labour.
3. What is the shape of Indifference Curve(IC):
 - A. Concave to origin
 - B. Convex to origin
 - C. Vertical
 - D. Horizontal
4. a decrease in demand causes price to:
 - A. Rise
 - B. Fall
 - C. Remain constant
 - D. Intermediate
5. The quantity demanded (Qd) of a soft drink brand A has decreased. This could be because:
 - A. A's consumers have had an increase in income.
 - B. the price of A has increased.
 - C. A's advertising is not as effective as in the past.
 - D. the price of rival brand B has increased.

P.T.O.



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First Semester 2018
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Course Code: ECON-101

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

Attempt this Paper on Separate Answer Sheet provided.

Q. No. 2	Differentiate the following with examples i. Marginal Utility. ii. Difference between inferior and normal commodity. iii. Scale of production. iv. Difference between Total Fixed and Total Variable Cost. v. Normal profit.	(5 x 4=20)
<u>SUBJECTIVE QUESTIONS</u>		
Note: <u>Attempt all questions.</u>		(10 x3=30)
Q. No. 3	What is meant by Indifference curve? Explain its properties.	
Q. No. 4	Explain the law of supply with the help of schedule and diagram.	
Q. No. 5	Explain how price and output is determined under monopoly.	



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MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

(Objective Part)

Q. No. I	Encircle the correct answer.	(5 x 2=10)
I	The demand of basic necessities is: a) More Elastic b) Less elastic c) Infinite elastic d) Zero elastic	
II	When marginal utility is zero, the total utility is: a) Negative b) Positive c) Maximum d) Zero	
III	Which is not included in natural resources: a) Minerals b) Climate c) Money d) Forests	
IV	The method of calculating total revenue is: a) $P \times AC$ b) $P \times Q$ c) $AC \times Q$ d) $MC \times Q$	
V	The entry of firms in market under perfect competition is: a) Prohibited b) Free c) Conditional d) By the permission of Govt.	

v: Law of equi-marginal utility is also called;

- a) Law of maximum social benefit
- b) Law of substitution
- c) Law of economy
- d) Law of maximum satisfaction

vi: In market equilibrium;

- a) Price = Demand curve
- b) Demand curve = Supply curve
- c) Price = Supply curve
- d) None of the three

vii: Normal Profit is attained where;

- a) $TR = TC$
- b) $TR > TC$
- c) $AR > MR$
- d) $AR < MR$

viii: What will be expected result if the value of rupee falls against dollar;

- a) Price of Pakistani goods in USA will fall
- b) Price of Pakistani goods in Pakistan will fall
- c) Price of American goods in USA will fall
- d) Price of American goods in Pakistan will rise

ix: Inflation is a situation when;

- a) Prices of some goods rises
- b) General Price level rises continuously
- c) Prices rise and fall alternately
- d) Prices double every year

x: The GNP is;

- a) total sales in the economy
- b) total monetary transactions in an economy
- c) sum of market values of all goods and services produced in an economy
- d) total spending in an economy