



**ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED**

**Q.2. Briefly explain the following concept.**

**(10x2=20)**

- Differentiate between Microeconomics and Macroeconomics.
- Explain the profit maximizing principle for a firm.
- In cardinal utility approach, explain the saturation point for the consumer.
- Define the Law of Equi-Marginal Utility and write down any two assumptions of this Law.
- Define the Supply and The Law of Supply?
- Write any four uses (importance) of study of Economics.
- In market structure, differentiate between Imperfect Competition and Perfect Competition.
- Define Concepts of NNP (Net National Product), NI (National Income) and PDI (Personal Disposable Income).
- Write the tools/instruments of Monetary Policy.
- Define open market operations with reference to monetary policy.

**Answer the following Questions.**

**(10x3=30)**

مندرجہ ذیل سوالوں کے جواب دیں۔

- Q.3. (a)** Define the law of Demand. (01)  
**(b)** Explain the Law of Demand with the help of Table and Diagram. (04)  
**(c)** Explain the rise in Demand and fall in demand. (05)
- Q.4. (a)** Define different short run cost concepts. (02)  
**(b)** Explain the salient features of short run cost curves (04)  
**(c)** Discuss relationship between average cost (AC) and marginal cost (MC) curves. (04)
- Q.5. (a)** Write the concepts of inflation and unemployment as problems of Macroeconomics. (04)  
**(b)** Define the Business Cycles. Also explain in detail the phases of business cycle. (06)

سوال نمبر 3: (الف) قانون طلب کی تعریف کریں۔

(ب) گوشوارہ اور ڈائجرام کی مدد سے قانون طلب کی وضاحت کریں۔

(ج) طلب کا بڑھنا اور طلب کے گرنے کی وضاحت کریں۔

سوال نمبر 4: (الف) عرصہ قلیل میں مصارف کے مختلف خطوط کی وضاحت کریں۔

(ب) عرصہ قلیل میں مصارف کے خطوط کی نمایاں خصوصیات بیان کریں۔

(ج) اوسط مصارف (AC) اور مختتم مصارف (MC) کے خطوط کے مابین تعلق / رشتہ کی وضاحت کریں۔

سوال نمبر 5: (الف) کئی معاشیات کے اہم مسائل افراط زر اور بے روزگاری کے تصور کی وضاحت کریں۔

(ب) تجارتی چکر کی تعریف کریں نیز تجارتی چکر کے مختلف ادوار کو تفصیل سے بیان کریں۔





# UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Second Semester – 2019

Paper: Fundamentals of Economics

Course Code: ECON-111 / ECO-12109 Part-I (Compulsory) Time: 15 Min. Marks: 10

Roll No. in Fig. ....

Roll No. in Words. ....

Signature of Supdt.: .....

**ATTEMPT THIS PAPER ON THIS QUESTION SHEET ONLY.**

**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. (10x1=10)**

i: Market value of all final goods and services produced by a nation during a year is definition of;

- a) National Income
- b) Gross National Product
- c) Net National Product
- d) consumption

ii: Although people may satisfy their basic needs there is always something more that they want. To what basic economic issue (problem) does this statement refer?

- a) exchange
- b) income distribution
- c) market forces
- d) scarcity

iii: What, according to the definition of opportunity cost, is sacrificed when a decision is take?

- a) an identical alternative
- b) any possible alternative
- c) the least valuable alternative
- d) the next best alternative

iv: Which of the following is a factor of production?

- a) the payment of interest on a bank loan
- b) the profit declared by a company in its annual report
- c) the skill of the managers of a business
- d) none of the three

v: Which statement about fixed costs is correct?

- a) they exist only in the long run
- b) they include raw material and direct labor costs
- c) they increase at the same rate as output
- d) they must be paid even if there is no output

P.T.O.

vi: A firm under perfect competition is;

- a) price maker
- b) price breaker
- c) price taker
- d) price shaker

vii: According to cardinal utility approach, a consumer will be in equilibrium where;

- a)  $\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$
- b)  $\frac{MU_x}{MU_y} = \frac{P_y}{P_x}$
- c)  $\frac{MU_x}{P_y} = \frac{MU_y}{P_x}$
- d) None of the three

viii: When cross elasticity of demand for A and B is positive number, one can conclude that;

- a) the goods are cheaper
- b) the goods are inferior
- c) the goods are substitutes
- d) the goods are complements

ix: In monetary policy, open market operation refers to;

- a) Buying and selling of foreign currencies
- b) Buying and selling of govt. securities
- c) To keep banks open 24 hours on a day
- d) Buying and selling of goods in free market

x: For international trade when a currency is exchanged for another is called;

- a) Bank rate
- b) Exchange rate
- c) Exchange control
- d) Foreign exchange