



# UNIVERSITY OF THE PUNJAB

**B.S. 4 Years Program : First Semester – 2020**

Paper: Principles of Micro Economics

Course Code: ECON-101

Part – I (Compulsory)

Time: 15Min. Marks: 10

Roll No. in Fig. ....

Roll No. in Words. ....

**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.**

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Signature of Supdt.:

**Q.1. Encircle the right answer cutting and overwriting is not allowed. (10x1=10)**

1. By nature Economic Laws are:
  - a. Permanent
  - b. Qualitative
  - c. Conditional
  - d. Quantitative
2. Law of Equi-marginal utility is also called as:
  - a. Law of utility
  - b. Law of consumption
  - c. Law of substitution
  - d. Law of satisfaction
3. The demand of a product expands when:
  - a. Price of the product increases
  - b. Price of the product decreases
  - d. Income of the consumer increases
  - d. changes in fashion
4. The price at which quantity demanded and supplied are equal to each other is called as:
  - a. Variable price
  - b. Fixed price
  - c. Reserve price
  - d. Equilibrium price
5. The supply curve of a perishable commodity has a slope:
  - a. Zero
  - b. Infinite
  - c. Negative
  - d. Positive

6. The relationship between output and factors of production is called as:
- a. Production of resources
  - b. Production of wealth
  - c. Production function
  - d. Consumption function
7. The cost which a firm has to bear in any condition is called as:
- a. Variable cost
  - b. Fixed cost
  - c. Marginal cost
  - d. Total cost
8. One of the conditions of perfect competition is:
- a. Few buyers
  - b. Product differentiation
  - c. Product homogeneity
  - d. Few sellers
9. The necessary condition of a firm's equilibrium is:
- a.  $MR > MC$
  - b.  $MR < MC$
  - c.  $MR = MC$
  - d.  $TR = TC$
10. Under monopoly the price is always equal to:
- a. MR
  - b. MC
  - c. AVC
  - d. AR



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Part – II

Time: 2 Hrs. 45 Min. Marks: 50

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

**Q.2. Give short answers of the following:**

**(5X4=20)**

- a. Explain Economic Problem in light of Robbins' definition of economics.
- b. Explain the concept of Income Elasticity of Demand and how it is measured.
- c. Distinguish between Rise and Fall in demand by using suitable diagram.
- d. Why the Average Cost Curve is U - shaped.
- e. Differentiate between Abnormal Profit and Normal Profit under perfect competition in short run.

**Q.3. Answers the following questions.**

**(3x10=30)**

- a. Explain the Law of Demand with the help of suitable schedule and diagram.
- b. Explain the Law of Increasing Returns with the help of suitable table and diagram.
- c. What is monopoly? Explain the equilibrium of a firm under monopoly? Illustrate with diagram.