



# UNIVERSITY OF THE PUNJAB

First Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig. ....

Roll No. in Words. ....

**PAPER: Fundamentals of Economics**  
**Course Code: ECON-111 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)**

**i:** Which of the following is not the assumption of perfect competition

- a. Large number of firms
- b. Product differentiation
- c. Free entry
- d. Homogenous Product

**ii:** According to law of Supply: As prices fall, ceteris paribus

- a. Demand increases
- b. Supply decreases
- c. quantity demanded decreases
- d. quantity Supplied decreases

**iii:** Human Wants are

- a. Few
- b. Finite
- c. Unlimited
- d. One thousand

**iv:** The best level of output for a perfectly competitive firm is given by the point where

- a.  $MR = AC$
- b.  $MR = MC$
- c.  $MR$  exceed  $MC$  by the greatest amount
- d.  $MR = MC$  and  $MC$  is rising

**v:** AR curve under Monopolistic competition represents

- a. Supply curve
- b. Demand curve
- c. Income curve
- d. Cost curve

**vi:** income Elasticity of normal goods is

- a.  $E > 0$
- b.  $E < 0$
- c.  $E = 1$
- d.  $E = \infty$

**P.T.O.**



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- i. How many factors of production are
  - a. 3
  - b. 4
  - c. 5
  - d. 6
  
- ii. Reward of Labour is
  - a. Rent
  - b. Interest
  - c. Wages
  - d. Profit
  
- iii. The ability and willingness to purchase a good is
  - a. Law of supply
  - b. Demand
  - c. Supply
  - d. Elasticity
  
- iv. Oven is a commodity
  - a) Perishable
  - b) Durable
  - c) Expensive
  - d) Not for sale
  
- v. The level of output for a perfectly competitive firm is determined where
  - a.  $MR = AC$
  - b.  $MR=MC$  where slope of MC is greater than MR
  - c. MR exceed MC by the greatest amount
  - d.  $MR=MC$  and MC is rising
  
- vi. Per capital income is
  - a) Total income
  - b) personal income
  - c) National income
  - d) Average Income

**P.T.O.**



# UNIVERSITY OF THE PUNJAB

First Semester – 2019

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Roll No. ....

PAPER: Fundamentals of Economics

Course Code: ECON-111 Part – II

MAX. TIME: 2 Hrs. 45 Min.

MAX. MARKS: 50

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

Q: 2 briefly explain the following concepts in two lines (20)

- i. Enlist Factors of production
- ii. Enlist the determinants of Supply
- iii. Income Elasticity of demand
- iv. Price elasticity of demand
- v. Law of diminishing-marginal utility
- vi. Marginal Cost
- vii. Monopoly
- viii. What is GDP
- ix. Monetary Policy
- x. Enlist the phases of Business Cycle

Q: 3

- a. Briefly state the basic characteristics of Monopolistic competition (04)
- b. Discuss the Equilibrium of a firm under monopolistic competition using  $MR=MC$  approach. (06)

Q: 4 Explain of the following

- a. Price elasticity of Demand (05)
- b. Cross elasticity of demand (05)

Q: 5

- a. What is monetary policy (02)
- b. Discuss objective of monetary policy (08)

سوال نمبر 3:

الف) اجارہ درانہ مقابلہ سے کیا مراد ہے اس کے مفروضات کیا ہیں؟

ب) اجارہ درانہ مقابلہ کے تحت فرم کا توازن پر بحث کریں۔

سوال نمبر 4: درجہ ذیل کی وضاحت کریں۔

الف) طلب کی قیمت لچک

ب) طلب کی متقاطع لچک

سوال نمبر 5:

الف) زری پالیسی کی تعریف کریں۔

ب) زری پالیسی کے مقاصد پر بحث کریں۔



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**MAX. TIME: 2 Hrs. 45 Min.**

**MAX. MARKS: 50**

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

**Q: 3** Give short answers of the following question: 10x2 = 20

1. Explain the elasticity of demand
2. What is inflation?
3. Phases of Business Cycle
4. What are assumption of monopoly
5. What Factors of production?
6. Explain the term Marginal Revenue
7. What is unemployment rate
8. Describe law of supply
9. Define the Fiscal Policy
10. Gross Domestic Products

**Q: 4** Explain of the following

- a. Income elasticity of Demand (05)
- b. Cross elasticity of demand (05)

**Q: 5**

- a. Briefly state the basic characteristics of Monopolistic competition (04)
- b. Discuss the Equilibrium of a firm under Monopolistic competition using  $MR=Mc$  approach. (06)

**Q: 6**

- a. What is monetary policy? (02)
- b. Discuss the Objective of monetary policy briefly. (08)