



UNIVERSITY OF THE PUNJAB

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

Paper: Fundamentals of Economics

Course Code: ECON-111

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.

.....
Signature of Supdt.:

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

i: Which of the following is not the assumption of Monopolistic Competition

- | | |
|-----------------------------|-----------------------|
| a. Large number of firms | c. Free entry |
| b. Limited control on Price | d. Homogenous product |

ii: According to law of demand: As price increases, ceteris paribus

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

iii: When Total Utility is maximum when

- | | |
|-------------|-------------|
| a. $MU = 0$ | c. $MU > 0$ |
| b. $MU < 0$ | d. None |

iv: The equilibrium level of output for monopolistic firm is determined where

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

v: AR curve under Monopolistic competition represents

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

vi: income Elasticity of luxury goods is

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

vii: When total Revenue is divided by output

- a. Marginal cost
- b. Average Cost
- c. price
- d. Marginal Revenue

viii: Net National Products is equal

- a. Gross National product less depreciation
- b. personal income less direct tax
- c. National income plus transfer payment
- d. Average Income

ix: Fiscal policy is made by

- a. State Bank
- b. Government
- c. Businessmen
- d. Households

x: A firm will shut down in the short run if

- a. $\text{Price} < \text{AVC}$
- b. $\text{Price} > \text{AVC}$
- c. $\text{Price} = \text{AVC}$
- d. All



UNIVERSITY OF THE PUNJAB
B.S. 4 Years Program : First Semester – 2020

Roll No.

Paper: Fundamentals of Economics
Course Code: ECON-111

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: (10x2=20)

- | | |
|---------------------------------------|---|
| i. Conditions of Firm equilibrium | vi. Marginal Revenue |
| ii. Enlist the determinants of Demand | vii. Assumption of Monopolistic competition |
| iii. Inflation | viii. What is Real GDP |
| iv. elasticity of supply | ix. Exchange rate |
| v. Law of Equi-marginal utility | x. Opportunity Cost |

Give brief answers of the followings. (3x10=30)

Q: 3

- a. Briefly state the basic characteristics of perfect competition (04)
- b. Discuss the Equilibrium of a firm under perfect 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 Fiscal policy (02)
- b. Discuss the role of Fiscal policy (08)