UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / First Semester – Spring 2023
Paper: Principles of Micro Economics Course Code: ECON-101

Roll No	
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Time: 3 Hrs.	Marks: 60

per: I iniciples of micro Economics Oddise

THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

- Q.1. Give short answers to the following concepts. (5x6=30)
- a. Marginal Utility
- b. Elasticity of supply
- c. Normal goods
- d. Cross elasticity
- e. Indifference Curve
- Q.2. Answer the following questions.

(3x10=30)

- i. Explain the Law of Diminishing Marginal Rate of Substitution
- 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. Supply increases more than increase in demand