PART - III
ECONOMICS
(Urdu & English Version)

Time Allowed : 2.30 Hours
Maximum Marks : 90

Instructions:
1. Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor immediately.
2. Use Blue or Black ink to write and underline and pencil to draw diagrams.

PART - I

20 marks

Note:
(i) Answer all the questions.
(ii) Choose the most appropriate answer from the given four alternatives and write the option code and the corresponding answer.

Turn over
The author of scarcity definition is:
(a) Alfred Marshall  (b) Lionel Robbins 
(c) Adam Smith  (d) Samuelson

Traditional economy is a:
(a) Command economy  (b) Monetary economy 
(c) Subsistence economy  (d) Market economy

Necessaries, comforts and luxuries are:
(a) Classification of utility 
(b) Classification of demand 
(c) Classification of free goods and services 
(d) Classification of wants

Consumer surplus is:
(a) Demand = Supply  (b) Demand > Supply 
(c) Potential Price − Actual Price  (d) MVn = TVn − TVn − 1
When marginal utility becomes Zero:
(a) The total utility starts increasing
(b) The total utility starts decreasing
(c) The total utility reaches the minimum
(d) The total utility reaches the maximum

Increase in demand is shown by:
(a) The highest point on the demand curve
(b) The lowest point on the demand curve
(c) Shifts of the demand curve
(d) Movement along the same demand curve

When cross elasticity of demand is negative:
(a) X and Y goods are substitutes
(b) X and Y goods are perfect substitutes
(c) X and Y goods are not related
(d) X and Y goods are complementary
At the point of equilibrium:
(a) Only one price prevails
(b) Quantity demanded = Quantity supplied
(c) The demand curve intersects the supply curve
(d) All the above

Production refers to:
(a) Exchange value
(b) Technology
(c) Destruction of utility
(d) Creation of utility

A successful entrepreneur is one who:
(a) Decides different combinations of factors of production
(b) Pays the lowest wage
(c) Accepts innovations
(d) Avoids risks
Average fixed cost is obtained by dividing:
(a) TVC/Q  (b) AC/Q  (c) TC/Q  (d) TFC/Q

______ is called the planning curve.
(a) Long run average cost curve  (b) Short run average cost curve
(c) Average cost curve  (d) Marginal cost curve

A firm can achieve equilibrium when its:
(a) MR = AR  (b) MR = AC  (c) MC = MR  (d) MC = AC

Under perfect competition, the demand curve is:
(a) Downward sloping  (b) Vertical  (c) Upward sloping  (d) Horizontal
Product differentiation is the salient feature of:
(a) Monopolistic competition  (b) Duopoly  
(c) Perfect competition  (d) Monopoly

The central problem of Macroeconomics is:
(a) Interest and Money  
(b) Monetary Policy and Fiscal Policy  
(c) Income and Employment  
(d) Price and Output

To explain the simple theory of income determination, Keynes used ________.
(a) Production and Expenditure  
(b) Multiplier and accelerator  
(c) Consumption and investment  
(d) Aggregate demand and aggregate supply
Consumption function explains the relationship between _______ and _______.

(a) Income, Savings  (b) Expenditure, Investment  
(c) Consumption, Income  (d) Expenditure, Savings

Monetary policy is controlled by:

(a) Central Bank  (b) Private Sector  
(c) Central Government  (d) State Government

In zero based budget every year is considered as a:

(a) New year  (b) Academic year  
(c) Base year  (d) Financial year
PART - II

7x2=14

Answer any seven questions and question number 30 is compulsory.

State Alfred Marshall’s definition of Economics.

What are the causes of wants?

What are the types of elasticity of demand?

What is break even point?

What are the two conditions for price discrimination?

What is transfer earnings?

What is quasi-rent?
Give the formula for Marginal Propensity to Consume.

What are the instruments of quantitative credit control?

State the Definition of a tax According to Prof. Seligman.

PART - III/III

Answer any seven questions and question number 40 is compulsory.

Examine the criticisms against Adam Smith's wealth definition.

Explain the merits of a mixed economy.

What does a production possibility curve refer?
Write a short-note on Giffen Paradox.

How is equilibrium price determined in the market period?

What are the functions of entrepreneur?

What are the methods of controlling monopoly?

What are the limitations of Marginal Productivity Theory of Distribution?

What are the assumptions of Keynesian theory of Simple Income Determination?

Explain the difficulties of barter system.
PART - IV / IV

Answer all the questions.

(a) Explain the features and any four merits of socialism.

OR

(b) Describe the Law of Diminishing Marginal Utility with a diagram.

(a) What are the assumptions of indifference curve analysis? Explain consumer’s equilibrium using indifference curve approach.

OR

(b) Explain the point method of measurement of price elasticity of demand in detail.

(a) State the law of demand. What are the exceptions to the law of demand?

OR

(b) Explain the determination of equilibrium price with a diagram.

[ / Turn over
(a) What are isoquants? Describe their characteristics. 

OR

(b) Explain various costs incurred by a firm.

(a) How is price and output determined in the short-run under perfect competition?

OR

(b) Explain the price and output determination under monopolistic competition.

(a) Examine Ricardian theory of RENT.

OR

(b) Critically examine J.B. Say’s Law of Markets.

(a) Describe the quantity theory of money.

OR

(b) Explain any five of the objectives of fiscal policy.