

KARACHI UNIVERSITY BUSINESS SCHOOL
 University of Karachi
FINAL EXAMINATION; JUNE 2010: AFFILIATED COLLEGES
MICRO ECONOMICS: BA (H) – 311
BS – I

Date: June 18, 2010

Max. Marks: 60
 Max Time: 3 Hours

Instructions:

1. Attempt any FIVE questions.
2. All Questions Carry Equal Marks.
3. Programmable calculators are not allowed.

Q1 (a) Briefly discuss the factors which affect the supply curve.

Q1 (b) For the given demand and supply equations:
 $Q_D = 8000 - 1000p$, $Q_S = -4000 + 2000p$

Calculate:

- i. Equilibrium price
- ii. Equilibrium quantity
- iii. Also interpret your answers.

Q2 (a) For the following schedule calculate the cross elasticity of tea (X) and Coffee (y), also describe the relation between goods on the basis of your results.

Commodity	Before		After	
	Price (Rupees/cup)	Quantity (cups/month)	Price (rupees/cup)	Quantity (cups/month)
Coffee (y)	40	50	60	30
Tea (X)	20	40	20	50

Q2 (b) Briefly explain the price elasticity of demand.

Q3 (a) Differentiate between total utility and marginal utility.

Q3 (b) For the given schedule calculate the value of marginal utility. Also depict the graph of total utility (tu) and marginal utility (mu).

Qx	0	1	2	3	4	5	6	7
tu	0	10	18	24	28	30	30	28

Q4 (a) Define competition. What are the characteristics of perfectly competitive market?

Q4 (b) Discuss the short run equilibrium of firm under perfect competition. (total approach)

Q5. Differentiate between:

- i. Monopoly and monopolistic markets
- ii. Demand curve and supply curve
- iii. ISO cost and ISO quant
- iv. Normative Economics and Positive Economics

Q6. Write short notes on any THREE of the following:

- i. Law of Demand
- ii. Market Equilibrium
- iii. Income and Substitution effect
- iv. Profit Maximization

Q7. Which kind of economic system is suitable for the development of country like Pakistan?

**KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION, JUNE 2009: AFFILIATED COLLEGES
MICROECONOMICS: BA(H)-311
BS-I**

Date: 14th June, 2009
Max: Marks: 60

Time: 3 Hours

Instructions: Attempt any five of the following:

- Q.1-a Define micro economics as a study of choice? Further Explain economics as positive or normative science? (04)
- b- What is ceteris paribus assumption and how it is used in PPF? (04)
- c- Define Fallacy of composition and post hoc fallacy? Give some everyday examples of these fallacies? (04)

- Q.2 What gives a person competitive advantage? (02)
What are the gains from trade specializations? (03)
Following tables show the production possibilities' for Jane and Joes Island:

Jane Island's PPF		Joes Island's PPF	
Corn (Pound per month)	Clothes (Yards per month)	Corn (Pound per month)	Clothes (Yards per month)
6	0	12	0
4	2	8	1
2	4	4	2
0	6	0	3

- Draw PPF curve for both Jane and Joe?
- If Jane and Joe trade with each other what are the gains from trade?

- Q.3 What does a household's budget line shows? (04)
What is utility maximizing rule? Further explain consumer equilibrium? (08)

- Q4-a Explain when the average product is at its maximum and when average variable cost is at its minimum? Use graph. (04)

b- Production schedule for Cindy Sweaters Inc.

	Labor (worker per day)	Out put (Per day)	Total Fixed cost	Total cost
A	0	0	25	25
B	1	4	25	50
C	2	10	25	75
D	3	13	25	100
E	4	15	25	125
F	5	16	25	150

Calculate what output the firm will produce for sweater per day?

- Q.5 What are the features of perfectly competitive markets? (04)
Why does a firm in perfect competition produce the quantity at which marginal cost equals price? (04)
- c- If a firm in competitive market incurs an economic loss, what happens to supply, price and output and economic profit in long-run? (04)

- Q.6 Define oligopoly market? (03)
Explain an oligopoly price fixing game? (09)

Best of Luck!

KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI

FINAL EXAMINATION, JUNE – 2008: AFFILIATED COLLEGES
MICROECONOMICS: BA (H) – 311
BS – I

Date: June 12, 2008
Time: 3 Hours

Max Marks: 60

Instruction: Attempt any five of the following questions. All questions carry equal marks:

- Question #1 ✓ a) Define the term "Economics" and its scope. Is economics a positive or a normative science? Justify.
b) Differentiate between macroeconomics and microeconomics.
- Question #2 ✓ a) What is PPF? How can we use PPF in technology?
b) Briefly explain the law of diminishing marginal utility graphically?
- Question #3 ✓ What is perfect competition explain short run market equilibrium in perfect competition?
- Question #4 ✓ a) Define and distinguish the terms Demand, Demand Curve and Law of Demand?
b) Why a higher price does reduce the quantity demanded? Give atleast two reasons?
- Question #5 a) Why do we need to measure the responsiveness of the quantity supplied of a good or service to a change in its prices?
b) What are the main influences on the elasticity of supply that makes some goods more elastic than other goods?
- Question #6 ✓ a) Define Monopoly Markets and its characteristics?
b) How the revenue and cost determine the output level and price that maximize the firm's profit?

Name: _____

Enrolment No: _____

KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION: AFFILIATED COLLEGES
BUSINESS ECONOMICS ; BA (P) – 331
BBA-I

Dated: 15th June, 2007
Time: 3 Hours

Max: Marks: 60

Attempt any five of the following questions. All questions carry equal marks:

- Q.No.1. Define Economics? What are major issues in economics?
- Q.No.2. "Every Choice is tradeoff" Describe this statement with the help of scarcity and Opportunity cost concept?
- Q.No.3. Discuss the law of Demand and how do we illustrate it? What brings shifts and movement in demand curve? Illustrate with the help of graph?
- Q.No.4(a). Define Market equilibrium, how prices are adjusted in market to bring the Equilibrium position?

(b). Demand and supply schedules for potato chips are:

Price (cents per beg)	Quantity Demanded (millions of begs per week)	Quantity Supplies (millions of begs per week)
50	160	130
60	150	140
70	140	150
80	130	160
90	120	170
100	110	180

- Draw a graph of potato chips market and mark in the equilibrium price and quantity?
 - Suppose that chips are 60 cents a bag. Describe the situation in the market for chips and explain how the prices are adjusted?
- Q.No.5(a). Define Elasticity of Demand with the help of graph? Describe when the Demand is Elastic, unit elastic and inelastic?
- (b). Rain spoils the strawberry crop. As a result, the price rises from 4\$ to \$6 a box and the quantity demanded decreases from 1,000 to 600 boxes a week, Over this price change:
- What is price elasticity of demand?
 - Describe the demand for strawberries?
- Q.No.6. In perfect competition how firms maximize their profits? Describe all methods using graph?

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Enrolment No: _____

KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION: AFFILIATED COLLEGES
MICRO-ECONOMICS : BA (H)-311
BS- I

Dated: 15th June, 2007
Time: 3 Hours

Max: Marks: 60

Attempt any five of the following questions. All questions carry equal marks:

- Q.No.1(a). Define the term "Economics"? Differentiate between Micro and macro-Economics?
- (b). Is economics a positive science or a normative science?
- Q.No.2. Define Production Possibility Frontier Curve with the help of graph? How does PPF curve show scarcity and production efficiency?
- Q.No.3. What is the law of supply and how do we illustrate it? What things bring shift and movement along with supply curve?
- Q.No.4(a). Define the cross and income elasticity of demand using formula?
- (b). If a 5 percent fall in the price of chicken decreases the quantity of beef Demanded by 20 percent and the increase the quantity of chicken demanded by 15 percent, calculate the cross elasticity of demand between chicken and beef?
- Q.No.5(a). What is the difference between marginal and total utility? How do we use the concept of utility to describe the consumer preferences?
- (b). What is the law of diminishing return? Why does marginal product Eventually diminishes?
- Q.No.6(a). Describe total cost, marginal cost and average cost in short run? Kashif's surf board total product schedule is:

Labor (workers per week)	Output (Surfboard per week)
0	0
1	40
2	100
3	140
4	170
5	190
6	200

If the price of labor is \$ 100 a week and total fixed cost is \$ 200 a week

- (a) Calculate total cost, total variable cost and total fixed cost for each output and draw short-run cost curve
- (b) Calculate average total cost, average variable cost and average fixed cost for each output and draw short-run cost curve.

ACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION : AFFILIATED COLLEGES
BUSINESS ECONOMICS – I : BA (P) – 331
BBA – I

Time : 3 Hours
Max. Marks : 60

Date : December 15, 2006

INSTRUCTIONS

Attempt all questions.

- Q.No.1. Portray the major features of the circular flow model. In what way are businesses and households both *suppliers* and *demanders* in this model? Explain how scarcity enters the model. (10)
- Q.No.2.(a) Explain how, if at all, each of the following affects the location of the production possibilities curve: (06)
- i) Standardized examination scores of high school and college students decline.
 - ii) The unemployment rate falls from 9 to 6 percent of the labor force.
 - iii) Defense spending is reduced to allow government to spend more on health care.
 - iv) Society decides it wants compact discs rather than long-playing records.
 - v) A new technique improves the efficiency of extracting copper from ore.
 - vi) A new baby boom increases the size of the nation's workforce.
- Q.No.2.(b) What are the changes in total revenues in response to price change ($\uparrow\downarrow$) if: (04)
- i) Demand is elastic
 - ii) Demand is inelastic
 - iii) Demand is unitarily elastic
 - iv) Perfectly inelastic
- Q.No.3.(a) i) How can we distinguish between a change in demand and a change in quantity demanded (06)
- ii) Why is there generally a direct relationship between price and quantity supplied (other things being equal)?
 - iii) Why will the market clearing price occur at the intersection of the supply and demand curves rather than at a higher or lower price?

Q.No.3.(b) Construct a demand curve and a supply curve for skateboards, based on the data provided in the following tables.

Price per Skateboard	Quantity Demanded per year
\$ 75	3 million
50	6 million
35	9 million
25	12 million
15	15 million
10	18 million

Price per Skateboard	Quantity Supplied per year
\$ 75	18 million
50	15 million
35	12 million
25	9 million
15	6 million
10	3 million

What is the equilibrium price? What is the equilibrium quantity at that price? (04)

- Q.No.4. a. How can economies be classified? (3.5)
 b. Why do we say that all economies are mixed economy (3.5)
 c. What are the "three Ps" of pure capitalism (03)

Q.No.5. Define consumer tastes, diminishing marginal utility and diminishing marginal rate of substitution. What are the assumptions of indifference curves? (10)

Q.No.6. Explain production function and show why a perfectly competitive firm chooses the output at which price equals marginal cost. (10)

KARACHI UNIVERSITY BUSINESS SCHOOL
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FINAL EXAMINATION, SPRING-2006 : AFFILIATED COLLEGES

BUSINESS ECONOMICS : BA (P) - 331
BBA - I (PASS)

Time : 3 Hours
Max. Marks : 60

Date : June 07, 2006

INSTRUCTIONS

Attempt any EIGHT questions, all questions carry equal marks.

Q.No.1. How can we use Production Possibilities Curve to show the impact of advances in technology and growth in resource availability on the economy.

Q.No.2. Explain how scarce resources are allocated in a mixed economy. Does this method of allocation ensure the best use of scarce resources?

Q.No.3. What are the advantages of specialization in the use of human and material resources?

Q.No.4. Explain how a budget constraint is derived from consumer income and market prices.

Q.No.5. Discuss the assumptions and characteristics of indifference curves.

Q.No.6. Show how marginal and average costs are related.

Q.No.7. Calculate the marginal and average costs for each level of output from the following total cost data.

Output	0	1	2	3	4	5	6	7	8	9
Total Cost	12	27	40	51	60	70	80	91	104	120

Q.No.8. Why does a firm have fixed costs of production in the short run?

Q.No.9. Define imperfect competition, oligopoly and monopolistic competition.

Q.No.10. The following table shows price and income elasticities for vegetables and catering services. For each good, explain whether it is a luxury or a necessity, and whether demand is elastic or inelastic.

	Price Elasticity	Income Elasticity
Vegetables	- 0.17	0.87
Catering Services	- 2.61	1.64