

**Al-Saudia Virtual Academy**  
**Pakistan Online Tuition – Online Tutor Pakistan**

**M.A (PREVIOUS) EXTERNAL ANNUAL EXAMINATION 1999**  
**“ECONOMICS”(PAPER-I)**  
**“MICRO ECONOMICS”**

**Time allowed: Three Hours**

**Max.marks: 100**

**INSTRUCTIONS: 1) Attempt any five questions.**

**2) All questions carry equal marks.**

**3) Draw the diagram wherever necessary.**

1. Define and explain Micro-economics, Macro-economics, Normative Economics and positive Economics with suit-able examples. Also discuss their relationships.
2. State with reason (s) if the following statements are true or false:
  - a) Indifference curves have been drawn in such away that they are convex to the origin.
  - b) A consumer’s demand curve can be derived directly from tangency points of indifference curves.
- 3-a Delineate three stages of production using APP (average physical product) and MPP (marginal physical product). Will increasing a variable input in its region (assume the input is in 2<sup>nd</sup> stage) leads to an increase or decrease in total output?
  - b) What are the relationships between Marginal cost and Marginal product, Average Cost and Average product?
4. Define Elasticity of demand. What are its types? Discuss with suitable examples? How is the total revenue related to the price elasticity of demand?
5. Equilibrium price is the result of interaction of demand and supply. “When demand increases, the equilibrium price will always rise “. Is this always true? Explain with the help of diagrams...
6. a) Why only increase in output level, minimize the profit in perfect completion?
  - b) Why do perfect competitors earn normal profit in the long run and super normal profit in short run. Explain with the help of diagram?
7. What are the characteristics of the oligopolistic market structure? Why an oligopolistic demand curve might be kinked?
8. What is Welfare Economics? How does it relate to the idea of pare to optimality? What implications do these concepts have for efficiency and equity in Capitalistic system?

9. Write short notes on any Two of the following:

(a) Monopoly. (b) Modern theory of wage.

(c) Classical theory of interest. (d) Opportunity cost.