

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

M.A PREVIOUS EXTERNAL ANNUAL EXAMINATION 2003

“ECONOMICS”, PAPER-I
(MICRO-ECONOMICS)

Time allowed: Three Hours

Maximum Marks: 100

Instructions: 1) Attempt any five questions.

2) All questions carry equal marks.

1. “A Consumer obtains maximum satisfaction from the purchase of two goods when the marginal rate of substitution (MRS) between their two goods is equal to their price ratio. “Explain with the help of diagram.
2. –a) Explain the concept of implicit cost and explicit cost. Whether the implicit cost is a part of total fixed cost?
b) Explain why marginal cost curve cuts AC (Average cost) and A V C (Average variable cost) at the minimum points?
3. Define Elasticity of demand. What are its types? Discuss with suitable example. How is the total revenue related to the price elasticity of demand?
4. “Equilibrium price is the result of interaction of demand and supply. When demand increased the equilibrium price will always rise.” Is this always true? Explain with the help of diagrams.
5. A) Define discriminating Monopoly. Under what conditions discrimination is possible and profitable?
b) Explain the price-output policy of a discriminating monopolist.
6. Define the concept of “Game Theory” in economics. Also explain the concept of Zero-Sum-game and positive sum game.
7. What are the characteristics of the oligopolistic market structure?
What is Welfare Economics”? How does it relate to the idea of Pareto optimality?
What implications do these concepts have for efficiency and equity in Capitalistic System?
9. Differentiate between:-
 - (a) Cardinal utility and Ordinal utility.
 - (b) Stable and unstable equilibrium.
 - © Consumer Surplus and Producer Surplus.
 - (d) Is quant and indifference curve.
 - (e) Point Elasticity and Arc elasticity.
10. Write short notes on any TWO of the following:-
 - (a) Perfect Competition.
 - (b) Economic Rent.
 - © Modern Theory of Wage.