QUAID-I-AZAM UNIVERSITY
ISLAMABAD

B.A. Annual Examinations – 2013
(PART – I)

Roll No: _____

Subject: **ECONOMICS, (**Paper:**A)** Time Allowed: **3 Hours** Max Marks:**100** July 2, 2013

Note: Attempt four questions from Section:I, three questions from Section:II and three questions from Section:III. All questions carry equal marks.

SECTION-I
(Marks: 40, Attempt any four questions from this section)

Q1. Explain the following statements: (marks: 5+5 =10)
a. Two indifference curves cannot cross,
b. Higher the indifference curve, greater the level of satisfaction

Q2. What does the convexity of an indifference imply? Are indifference curves always convex to origin? (explain) (marks: 5+5 =10)

Q3. What is income effect? Show income effect of an inferior commodity with the help of a diagram. (marks: 3+7 =10)

Q4. Explain the relation between average product of labor and marginal product of Labor. (marks: 10)

Q5. Distinguish between three stages of production in single input production function. Which is economic stage? (explain) (marks: 7+3 =10)

Q6. What is Expansion path? Explain with the help of diagrams. (marks: 3+7 =10)

SECTION-II
(Marks: 30, Attempt any three questions from this section)

Q7. What is Perfect Competition? Why do a firm operating under Perfect Competition always earn normal profit in the long run (marks: 2+8 =10)

Q8. What is Price Discrimination? What are its conditions and how price and output is determined under price discrimination? (marks: 2+8 =10)

Q9. What is Monopolistic Competition? Explain the price and output determination under Monopolistic Competition in the long run. (marks: 2+8 =10)

Q10. Derive a short run supply curve of a firm under Perfect Competition (marks: 10)

Q11. Differentiate between Total Revenue, Average Revenue and Marginal Revenue Curves in Monopoly and Perfect Competition. (marks: 10)

SECTION-III
(Marks: 30, Attempt any three questions from this section)

Q12. Find inverse of the following matrix: $\begin{bmatrix} 4 & 1 & -5 \\ -2 & 3 & 1 \\ 3 & -1 & 4 \end{bmatrix}$ (marks: 10)

Q13. Use matrices to solve the following linear equations: $2x - 5y = 1,\ \ 3x + 4y = 36$ (marks: 10)

Q14. The revenue and cost functions are given: $R = 1200Q - 2Q^2$, $C = Q^3 - 61.25Q^2 + 1528.5\,Q + 2000$ Find equilibrium price and quantity where profits are maximum. (marks: 10)

Q15. Give the demand and supply function. Find out equilibrium price, quantity and elasticity of demand at equilibrium: $Q_d = 15 - 4P,\ \ Q_s = 6P - 1.$ (marks: 10)

Q16. What is point of inflection? Find point of inflection for the following cost function:
$TC = 31 + 24Q - 5.5Q^2 + \frac{1}{3}Q^3$. (marks: 10)

Good Luck