

ALLAMA IQBAL OPEN UNIVERSITY

Level: Bachelor
Paper: Microeconomics (131)
Time Allowed: 03 Hours

Semester: Autumn 2009
Maximum Marks: 100
Pass Marks: 40

Note: ATTEMPT ANY FIVE QUESTIONS. ALL CARRY EQUAL MARKS.

Q.No.	Questions	Marks
Q.No.1	What do you understand by the concept of opportunity cost. Also discuss its uses in economics.	20
Q.No.2	Differentiate between market economy and mixed economy. Which of the two is closer to Islamic economic system?	20
Q.No.3	Define marginal utility. Also explain the law of diminishing marginal utility with the help of an example.	20
Q.No.4	What is law of supply? Also derive the individual and market supply curve.	20
Q.No.5	What is price elasticity of demand? What are its determinants. Also give some of its uses in our daily life.	20
Q.No.6	Show and explain diagrammatically for normal goods that Price Effect = Substitution Effect + Income Effect.	20
Q.No.7	Differentiate between private and public limited companies in detail.	20
Q.No.8	Explain the following concepts briefly. a) Production Function. b) Law of diminishing return. c) Fixed and variable costs. d) Average Fixed and Average Variable costs.	20

<<<<<<<<