

The Islamia University of Bahawalpur

Department of Political Science

Mid Term Examination

Subject: Introduction to Economics

Time: 10 minutes

Class: Master in Public Administration (1st)

Marks:10

Name: _____

Roll No. _____

Q.No. 1 Encircle the correct answer.

(1x10)

- 1) The study of the behavior of firms, individual markets, and households is called:
 - a. normative economics.
 - b. positive economics.
 - c. macroeconomics.
 - d. microeconomics.
- 2) According to the Law of Demand, the demand curve for a commodity will
 - a. shift leftward when the price of the good increases.
 - b. shift rightward when the price of the good increases.
 - c. slope downward.
 - d. slope upward.
- 3) If the price of automobiles were to decrease substantially, the demand curve for public transportation would most likely
 - a. shift rightward.
 - b. shift leftward.
 - c. remain unchanged.
 - d. remain unchanged while quantity demanded would change.
- 4) Equilibrium is defined as a situation in which
 - a. neither buyers nor sellers want to change their behavior.
 - b. no government regulations exist.
 - c. demand curves are perfectly horizontal.
 - d. suppliers will supply any amount that buyers wish to buy.
- 5) If price is initially above the equilibrium level,
 - a. the supply curve will shift rightward.
 - b. the supply curve will shift leftward.
 - c. excess supply exists.
 - d. all firms can sell as much as they want.
- 6) The relationship between quantity supplied and price is _____ and the relationship between quantity demanded and price is _____.
 - a. direct, inverse
 - b. inverse, direct
 - c. inverse, inverse
 - d. direct, direct
- 7) If goods X and Y are substitutes, an increase in the price of Y will cause _____ in the demand for good X.
 - a. an increase
 - b. a decrease
 - c. no change
 - d. an inversion
- 8) Marginal utility refers to:
 - a. the additional product produced as the firm adds one additional unit of an input.
 - b. the additional utility that a consumer derives from consuming one additional unit of a good.
 - c. the amount of utility divided by the number of units produced.
 - d. all of the above.
- 9) When the supply of a commodity goes up not due to price but due to other factors, it is called:
 - a. rise in supply
 - b. fall in supply
 - c. extension of supply
 - d. none of the these
- 10) Demand is:
 - a. a state of felt deprivation
 - b. any desire supported by money and willingness to pay
 - c. both a and b
 - d. none of the above

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DEPARTMENT OF POLITICAL SCIENCE

Mid Term Examination

Class: Master in Public Administration (1st Semester)

Title of Paper: Introduction to Economics

Maximum Marks: 20

Time Allowed: 01 Hr. 05 mins.

Note: Attempt All Questions.

Q.No.2 How the market price can be determined with the help of two **10**
opposite economic forces, i.e. demand and supply? Explain with the
help of schedule and diagram.

Q.No.3 Explain the Law of Equi-Marginal Utility. **10**

SAMPLE