Before answering the question paper the candidate should ensure that they have been supplied the correct question paper. Complaints in this regard, if any, shall not be entertained after the examination.

Note: All questions carry equal marks. Ques. No. 1 is Compulsory and attempt two questions from each section.

1. Write short notes on:-
   a) Functional areas of microeconomics
   b) Time value of money
   c) Economics as a Normative Science
   d) Returns to Scale

   **SECTION-A**

2. Define the term utility. Distinguish between total utility and marginal utility and show that the concept of consumer’s surplus is based on this distinction.

3. What do you mean by supply and what are its determinants? Differentiate between Extension of supply and increase in supply.

4. What do you understand by term consumer equilibrium and budget line? Explain the income and price effect on budget line.

   **SECTION-B**

5. What is meant by equilibrium price? How is it determined?

6. What are main forms of market? Differentiate between monopolistic competition and perfect competition

7. Why is average cost curve U-shaped? Does marginal cost curve always fall when average cost curve is decreasing.