

**DOWNLOAD MIDTERM**

**PAST PAPERS BY WAQAR SIDDHU**

**More in PDF From**

**VU Answer**

**Get All Solutions.**

If the quantity demanded of a product is greater than the quantity supplied of a product, then:

Note Correct answer solve with stamp :

Correct answer solved by hadi  
Cell No:03228043306  
Email: usmanraj20@gmail.com

Answer ( Please select your correct option )

☐ There is a shortage of the product.

Correct answer solved by hadi  
Cell No:03228043306  
Email: usmanraj20@gmail.com

☐ There is a surplus of the product.

☐ The product is a normal good.

☐ The product is an inferior good.

**Made By: Waqar Siddhu**

A demand curve is price inelastic when:

Answer ( Please select your correct option )

☐ Changes in demand are proportionately smaller than changes in price.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

☐ Changes in demand are proportionately greater than changes in price.

☐ Changes in demand are equal to changes in price.

☐ None of the given options.

**Made By: Waqar Siddhu**

Which of the following is the term that economists use to describe how consumers rank different goods and services?

agr kisi m mistake  
lagy tu check kar  
lena ,shukriya

Answer ( Please select your correct option )

☐ Satisfaction index.

☐ Goodness.

☐ Utility.

☐ None of the given options.

Correct answer solved by hadi  
Cell No:03228043306  
Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**

Costs determine all of the following EXCEPT:

Answer ( Please select your correct option )

☐

Firm's behaviour.

☐

How firms should expand?

☐

Firm's profitability.

☐

Demand for a product.

Correct answer solved by hadi  
Cell No:03228043306  
Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**

A firm maximizes profit by operating at the level of output where:

Answer ( Please select your correct option )

- ☐ Average revenue equals average cost.
- ☐ Average revenue equals average variable cost.
- ☐ Total costs are minimized.
- ☐ Marginal revenue equals marginal cost.

Correct answer solved by hadi  
Cell No:03228043306  
Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**

The break-even point occurs when:

Answer ( Please select your correct option )

☐ Price < Average Variable Cost.

☐ Price < Average Total Cost.

☐ Price = Average Total Cost.

☐ Price > Average Variable Cost.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**

If average physical product (APP) is increasing then which of the following must be true?

Answer ( Please select your correct option )

☐ Marginal physical product is above the average physical product.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

☐ Marginal physical product is less than average physical product.

☐ Marginal physical product is decreasing.

☐ None of the given statements is true.

**Made By: Waqar Siddhu**



Which of the following best describes a demand schedule?

Answer ( Please select your correct option )

☐ It is a numerical tabulation of the quantity demanded of a good at different prices, ceteris paribus.

☐ It is a graphical representation of the law of demand.

☐ It is a systematic listing of all the variables that might conceivably bring about a change in demand.

☐ It is a symbolic representation of the law of demand:  $P, Q$  and  $Q, P$ .

The demand curve for eggs is downward-sloping. Suddenly the price of eggs decreases from Rs.60/- per dozen to Rs.50/- per dozen. This will cause:

Answer ( Please select your correct option )

☐ The demand curve for eggs to shift leftward.

☐ Quantity demanded of eggs to decrease.

☐ The demand curve for eggs to shift rightward.

☐ Quantity demanded of eggs to increase.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraaj20@gmail.com

**Made By: Waqar Siddhu**



Price of rice (per bag)	Quantity demanded of rice by Rabia	Quantity demanded of rice by Ali	Quantity demanded of rice by Ahmad
90	10	0	60
80	15	10	80
70	20	20	100

Answer ( Please select your correct option )

☐ 105

☐ 140

☐ 175

☐ 280

Sugar can be produced from sugar beets. If the price of sugar beets falls, which of the following will happen?

Answer ( Please select your correct option )

☐ The demand curve for sugar would shift right.

☐ The demand curve for sugar would shift left.

☐ The supply curve for sugar would shift right.

☐ The supply curve for sugar would shift left.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**



Units	Total Utility
0	0
1	20
2	35
3	45
4	50

Answer ( Please select your correct option )

☐

15.

☐

10.

☐

5.

☐

0.

**Made By: Waqar Siddhu**

If Ali prefers a certain income over a risky income, Ali is known as:

Answer ( Please select your correct option )

☐ Risk loving person.

☐ Risk neutral person.

☐ Risk averse person.

☐ Irrational person.

Suppose that 48 units of output are produced by using 12 units of labor. Which of the following is TRUE in this context?

Answer ( Please select your correct option )

☐ The marginal product of labor is 4.

☐ The total product of labor is  $1/4$ .

☐ The average product of labor is 4.

☐ None of the given options.

The rate at which a firm can substitute capital for labour and hold output constant is the:

Answer ( Please select your correct option )

☐ Law of diminishing marginal returns.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

☐ Marginal rate of substitution.

☐ Marginal rate of technical substitution.

☐ Marginal rate of production.

**Made By: Waqar Siddhu**



Which of the following is TRUE for a monopolistically competitive firm in the short run equilibrium?

Answer ( Please select your correct option )

☐ It will make negative profit (lose money).

☐ It will make zero profit (break-even).

☐ It will make positive profit.

☐ Any of the given is possible.

Correct answer solved by hadi  
Cell No:03228043306  
Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**

In price discrimination, price elasticity of demand for different customers should be:

Answer ( Please select your correct option )

- ☐ Same.
- ☐ Unit elastic.
- ☐ Infinite elastic.
- ☐ Different.

Correct answer solved by hadi  
Cell No:03228043306  
Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**

A firm that benefits from lower costs per unit as it grows is an example of:

Answer ( Please select your correct option )

- ☐ Economies of scale.
- ☐ Diseconomies of scale.
- ☐ Increasing opportunity costs.
- ☐ Scale reduction.

**Made By: Waqar Siddhu**

Yummy, an ice-cream maker, has discovered that the ratio of the marginal product of labor to the price of labor is 8.5, while the ratio of the marginal product of capital to the price of capital is 7.1. The firm has determined that it does not want to change its total costs. Yummy should:

Answer ( Please select your correct option )

- ☐ Use more capital and less labor.
- ☐ Use more labor and less capital.
- ☐ Do nothing; the differences in the ratios of marginal product to input price are too small to matter.
- ☐ Do nothing different since there is insufficient information upon which to make a decision.

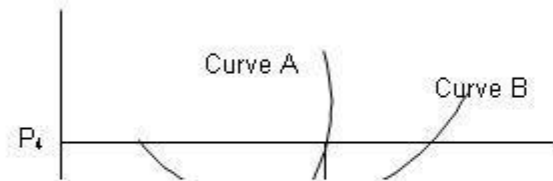


Q	P	TR
1	8	8
2	7	14
3	6	18
4	5	20
5	4	20

Answer ( Please select your correct option )

☐ -2.☐ 0.☐ 2.☐ 4.

Price and cost curves



Answer ( Please select your correct option )

☐

Average cost curve.

☐

Marginal revenue curve.

☐

Marginal cost curve.

☐

Average revenue curve.

**Made By: Waqar Siddhu**

If the demand for using gym is price inelastic and your local gym owner increases the fee for using the gym, you would expect:

Answer ( Please select your correct option )

☐ A decrease in total revenue received by the gym owner.

☐ An increase in total revenue received by the gym owner.

☐ No change in total revenue received by the gym owner.

☐ An increase in the hours that people will spend in gym.



According to the utility model of consumer demand, the law of diminishing marginal utility indicates that the demand curve is:

Answer ( Please select your correct option )



Vertical.



U-shaped.



Upward-sloping.



Downward-sloping.

Correct answer solved by hadi  
Cell No:03228043306  
Email: [usmanraj20@gmail.com](mailto:usmanraj20@gmail.com)

**Made By: Waqar Siddhu**





A total cost curve:

Answer ( Please select your correct option )

- ☐ Relates output with total cost.
- ☐ Is always upward sloping.
- ☐ Gets steeper as output rises, due to diminishing marginal product of an input.
- ☐ All of the given options.

Correct answer solved by hadi

Cell No:03228043306

Email: [usmanraj20@gmail.com](mailto:usmanraj20@gmail.com)

**Made By: Waqar Siddhu**



Diminishing marginal returns implies:

Answer ( Please select your correct option )

☐ Decreasing marginal costs.

☐ Increasing marginal costs.

☐ Decreasing average variable costs.

☐ Decreasing average fixed costs.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**



If income elasticity is negative, the good is:

Answer ( Please select your correct option )

☐ Normal good.

☐ A substitute good.

☐ A complementary good.

☐ Inferior good.

Correct answer solved by hadi  
Cell No:03228043306  
Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**



Which of the following is TRUE about an isocost line?

Answer ( Please select your correct option )

- ☐ It shows the cost of inputs needed to produce along an isoquant.
- ☐ It shows the cost of inputs needed to produce along an expansion path.
- ☐ It shows the input combinations that can be purchased with a given outlay of funds.
- ☐ It shows the output combinations that can be produced with a given outlay of funds.

Correct answer solved by hadi  
Cell No:03228043306  
Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**



Which of the following is TRUE for third-degree price discrimination?



Answer ( Please select your correct option )

☐ Charging different prices to different groups based upon differences in elasticity of demand.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

☐ Charging each consumer the same two part tariff.

☐ The use of increasing block rate pricing.

☐ Charging lower prices the greater the quantity purchased.

**Made By: Waqar Siddhu**



Rationing is needed due to the problem of:



Answer ( Please select your correct option )

☐ Unemployment.

☐ Inflation.

☐ Scarcity.

☐ Poverty.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**



The demand for apples is expressed as:  $Q_d = 100 - 5P$

The supply of apples is expressed as:  $Q_s = 25 + 10P$

Refer to the above scenario, if the equilibrium price of apples is Rs.5, the equilibrium quantity of apples is:

Answer ( Please select your correct option )

☐ 73

☐ 75

☐ 80

☐ 85



Chicken sandwiches are normal goods, which means that as:

Answer ( Please select your correct option )

☐ Incomes go up, the demand curve shifts to the right.

☐ Incomes go up, the supply curve shifts to the right.

☐ Price falls, the quantity demanded decreases.

☐ As incomes increase, people buy less.

**Made By: Waqar Siddhu**





What is meant by the term utility?

Answer ( Please select your correct option )

☐ Useless.

☐ Require.

☐ Necessary.

☐ Satisfaction.

Correct answer solved by hadi  
Cell No:03228043306  
Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**



According to the following table, marginal utility is zero for the \_\_\_\_\_ unit.

Units	Total Utility
0	0
1	20
2	35
3	45

Answer ( Please select your correct option )

☐ First

☐ Second

☐ Third

☐ Fifth



The total cost (TC) function is given as:  $TC = 200 + 5Q$ . What is the fixed cost?

check

Answer ( Please select your correct option )

- ☐ 5Q
- ☐ 5
- ☐  $5 + (200/Q)$
- ☐ 200

Correct answer solved by hadi

Cell No:03228043306

Email: [usmanraj20@gmail.com](mailto:usmanraj20@gmail.com)

**Made By: Waqar Siddhu**



The total cost (TC) function is given as:  $TC = 200 + 5Q$ . What is the average total cost?

Answer ( Please select your correct option )

☐ 5Q

☐ 5

☐  $5 + (200/Q)$

☐ None of the given options

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**



Units of variable input	Total Output per Period
1	10
2	15
3	19

Answer ( Please select your correct option )

☐ 2

☐ 3

☐ 4

☐ 5



Q	P	TC	TR
10	5	100	50
20	5	130	100
30	5	150	150
40	5	160	200
50	5	170	250

Answer ( Please select your correct option )

☐ 0.☐ 40.☐ 45.☐ 80.**Made By: Waqar Siddhu**



Assume that the market for laptops is dominated by a single firm, like Inbox, that is able to exert influence over prices and output. This situation violates which of the following assumptions of perfect competition?

Answer ( Please select your correct option )

☐ Many buyers and sellers

☐ Easy entry and exit

☐ No discrimination

☐ Perfect information



Assume that the computer buyers in northern parts of Pakistan have no idea what prices are being paid in the southern parts of Pakistan. This situation violates which of the following assumptions of perfect competition?

Answer ( Please select your correct option )

- ☐ Identical goods
- ☐ No discrimination
- ☐ Perfect information
- ☐ Many buyers and sellers





The local bus system charges lower fares to students than to the other passengers. Suppose that this pricing strategy increases the profits of the bus system, we can conclude that students must have a \_\_\_\_\_ for bus service than other passengers.

Answer ( Please select your correct option )

- ☐ Greater demand
- ☐ Lower demand
- ☐ More elastic demand
- ☐ Less elastic demand



While moving from left to right, the typical production possibilities frontier (PPF) has:

Answer ( Please select your correct option )

☐ An increasingly steep negative slope.

☐ A decreasingly steep negative slope.

☐ An increasingly steep positive slope.

☐ A constant and negative slope.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

**Made By: Waqar Siddhu**



What is the assumption of constructing a production possibilities frontier?

Answer ( Please select your correct option )

- ☐ Economic resources are underutilized.
- ☐ Production technology is allowed to vary.
- ☐ All available resources are employed efficiently.
- ☐ None of the given options.



A demand curve is price elastic when:

Answer ( Please select your correct option )

☐ Changes in demand are proportionately greater than changes in price.

☐ Changes in demand are equal to changes in price.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

☐ Total revenue increases due to increase in price.

☐ Changes in demand are proportionately smaller than changes in price.

**Made By: Waqar Siddhu**



If different firms in the oligopolistic structure do not cooperate with each other, this situation is known as:

### 2- NON- COLLUSIVE OLIGOPOLY

If different firms in the oligopolistic structures do not cooperate with each other is known as non collusive oligopoly. In this case, collusion breaks down because the incentive to cheat is very high.

Answer ( Please select your correct option )

☐ Collusive oligopoly.

Correct answer solved by hadi

Cell No:03228043306

Email: usmanraj20@gmail.com

☐ Cartel.

☐ Price leadership.

☐ Non-collusive oligopoly.

**Made By: Waqar Siddhu**