

- (1) What is meant by utility? Show the differences between (i) total and marginal utility (ii) cardinal and ordinal utility.
- (2) Graphically explain the law of variable proportion. Among the three stages of law of variable proportion which stage is economically justifiable?
- (3) What is indifference curve and marginal rate of substitution (MRS)? Why does marginal rate of substitution (MRS) diminish? Explain.
- (4) Graphically define: (i) Cost function (ii) Total cost (TC) (iii) Average cost (AC) (iv) Marginal cost (MC).
- (5) Describe the characteristics of perfect competition market. In perfect competition market why is $\text{price} = \text{average revenue (AR)} = \text{marginal revenue (MR)}$?
- (6) Discuss the short run equilibriums of perfect competition market.
- (7) Define national income. Write the differences between (i) micro and macroeconomics (ii) Gross domestic product (GDP) and gross national product (GNP).
- (8) What is inflation? What are the causes of inflation? Diagrammatically explain the demand-pull inflation and cost-push inflation.
- (9) What does IS (investment saving) curve represent? Define fiscal and monetary policy. Briefly discuss the instruments of monetary policy.
- (10) Explain the effectiveness of tight monetary policy to control inflation.

