

# Semester “Spring 2011”

## “Microeconomics (ECO402)”

Assignment No.01

Marks: 15

### Question no 1:

- a. Ali has certain amount of money and he has to spend on two goods apple and strawberries. Suppose Ali completely prefers strawberries than apple. How you will see this particular situation in the consumer equilibrium theory?
- b. Support your answer with the help of graph.

(Marks: 2+3)

### Question no 2:

Keeping in view the given data for the construction of roads from the year 2000 to year 2004, calculate the nominal price for the roads construction in each year.

#### Note:

Take year 2000 as base year where required.

Year	CPI	Real price of road construction
2000	45.5	5550
2001	53.3	6350
2002	62.1	7530
2003	70.9	8590
2004	87.5	9130

(Marks: 2+2+2+2+2)

#### Important Note:

- Calculate to the point where calculation is being required. **NO** need to write irrelevant material or extra interpretation.
- Graphs are very important in Economics course. This assignment will enhance your skill of drawing graphs. A complete procedure of “How to draw graphs in MS-Word” is uploaded on announcement page of LMS. Get help from that uploaded file to solve part b of question 01 of this assignment.

### Important Tips

1. This Assignment can be best attempted from the knowledge acquired after watching video lecture no. 1 to lecture no 9 and reading handouts as well as recommended text book.
2. Video lectures can be downloaded for free from [www.youtube.com/vu](http://www.youtube.com/vu).

**Schedule**

<b>Opening Date and Time</b>	<b>April, 13, 2011 At 12:01 A.M. (Mid-Night)</b>
<b>Due Date and Time</b>	<b>April, 18, 2011 At 11:59 P.M. (Mid-Night)</b>

**Note:** Only in the case of Assignment, *24 Hrs extra / grace period* after the above mentioned due date is usually available to overcome uploading difficulties which may be faced by the students on last date. This extra time should only be used to meet the emergencies and above mentioned due dates should always be treated as final to avoid any inconvenience.

## **Important Instructions:**

Please read the following instructions carefully before attempting the assignment solution.

### **Deadline:**

- Make sure that you upload the solution file before the due date. No assignment will be accepted through e-mail once the solution has been uploaded by the instructor.

### **Formatting guidelines:**

- Use the font style "Times New Roman" and font size "12".
- It is advised to compose your document in MS-Word 2003.
- Use black and blue font colors only.

### **Solution guidelines:**

- Every student will work individually and has to write in the form of an analytical assignment.
- Give the answer according to question, there will be negative marking for irrelevant material.
- For acquiring the relevant knowledge don't rely only on handouts but watch the video lectures and use other reference books also.

### **Rules for Marking**

Please note that your assignment will not be graded or graded as Zero (0) if:

- It has been submitted after due date
- The file you uploaded does not open or is corrupt
- It is in any format other than .doc (MS. Word)
- It is cheated or copied from other students, internet, books, journals etc...