

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

**Course: Principles of Economics  
Semester-I (Batch: 2018-23)**

**End Semester Examination: Oct-Nov. 2018**

**Date: 27<sup>th</sup> October, 2018**

**Duration: 3 hours**

**Max. Marks: 50**

**Instructions:**

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write any thing on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

- |   | <b>Marks</b>         |
|---|----------------------|
| <p><b>Q.1</b> Answer <b>any four</b> of the following questions with the help of appropriate diagrams:</p> <p>(a) Factor market and product market equilibrium in a two sector economy given competitive laws.</p> <p>(b) Relation between Total Cost and Total Product curve.</p> <p>(c) The Marshallian demand curve for crime.</p> <p>(d) Economies and Diseconomies of scale in long run production.</p> <p>(e) Inferior good and Giffen good.</p>  | <p>(4x2<br/>=08)</p> |
| <p><b>Q.2</b> Answer <b>any six</b> of the following questions, in detail, along with diagrams:</p> <p>(a) Explain how the grant of patent creates Monopoly? Explain the principle on which Natural Monopolies are regulated.</p> <p>(b) Explain how Cartels are formed in an Oligopoly Market. Derive the Kinked demand curve and explain its relevance in terms of both the cost and price arguments.</p> <p>(c) Explain the law of Variable Proportions and demonstrate, with reasons, the economically feasible stage of production.</p> <p>(d) Explain the short run equilibrium of a firm in a Monopolistic Market and the problem of excess capacity and mark up price.</p> <p>(e) Explain the substitution effect and income effect for a normal good and an inferior good according to the Slutsky version of Indifference Curve.</p> <p>(f) Explain profit maximisation in Perfect Market and Imperfect Market with the help of Total Revenue and Total Cost approach.</p> <p>(g) Explain the role of science and economics to explain the evolution of civilisation and its impact on Law.</p> | <p>(6x7<br/>=42)</p> |

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