

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: Principles of Economics  
Semester-I (Batch: 2019-24)

End Semester Examination: October-2019

Date: 23<sup>rd</sup> October, 2019

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 anything 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>Q.1 Answer any five of the following questions (in brief) with the help of appropriate diagrams wherever applicable.</p> <p>(a) Explain the features of a perfect market.</p> <p>(b) Explain the expansion path of a firm using Isoquants.</p> <p>(c) Explain price effect for a Giffen good.</p> <p>(d) Explain the long run equilibrium for monopolistic market.</p> <p>(e) Explain the second law of deterrence based on Marshallian utility analysis.</p> <p>(f) Explain diseconomies of scale in production.</p>   | <p>(5x3=15)</p> |
| <p>Q.2 Answer any five of the following questions with the help of appropriate diagrams wherever applicable.</p> <p>(a) Explain the law of diminishing marginal utility and apply the same to the market for crime.</p> <p>(b) Explain how harm is calculated by applying the compensation principle of the Indifference curve.</p> <p>(c) Explain the law of variable proportions with the help of Total product, Average product and marginal product.</p> <p>(d) Explain the significance of the Long run average cost curve in decision making for a firm.</p> <p>(e) Explain a market failure in terms of externalities. What role does law play in determining socially optimum output.</p> <p>(f) Explain the impact of Patents on a market in terms of perfect market and monopoly market.</p> | <p>(5x7=35)</p> |

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