

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: Principles of Economics
Semester- I (Batch: 2020-25)

End Semester Online Examination: February 2021

Date: 10th February, 2021

Duration: 8 hours

Max. Marks: 50

Instructions:

- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.
- You are required to formulate your own examples.
- Illustrate diagrams where ever relevant.
- Prescribed Word Limit: 6 Marks: 300 words, 7 Marks: 350 words.
- Please adhere to the word limit with upper/lower limit flexibility of 50 words per question

Answer the questions as instructed

Marks

- Q.1 Answer any two of the following: (6x2=12)
 Given the following concepts of micro economics:
- a) Examine the interface of Law and Economics by applying to the two-sector circular flow of income.
 - b) Explain the concept of Pareto efficiency in exchange derived from the Edgeworth box.
 - c) Examine the features of Neo-Classical Economics to explain the efficiency of market-based economy.
- Q.2 Answer any two of the following: (6x2=12)
 Under the theories of consumer behavior:
- a) Examine the relation between law of diminishing marginal utility and equi marginal utility.
 - b) Formulate the impact of legislations on theft on rent erosion.
 - c) Examine one application of ordinal utility analysis on formulation of policy and law.
- Q.3 Answer any two of the following: (7x2=14)
 As per the cost and production considerations for the producer in market economy:
- a) Explain the derivation of the expansion path for the firm and its relevance to the producer in terms of returns to scale in production.
 - b) Explain the long run cost decisions of the producer based on multiple short run cost situations.
 - c) Explain the law of Variable proportions in production based on a relevant example.

Q.4 Answer any two of the following:

(6x2=
12)

In the framework of the forms of markets;

- a) Apply the features of a perfectly competitive market to contract formation.
- b) Examine the difference between a perfect market and monopolistic market.
- c) Explain the law of supply as a positive relation between price and quantity supplied.
