

**PARUL UNIVERSITY**  
**FACULTY OF LAW**  
**B.A (LLB) Winter 2017 – 18 Examination**

Semester: 1

Subject Code: 15101103

Subject Name: Introduction to Economic Theory

Date: 06-12-2017

Time: 10.30am to 01.00pm

Total Marks: 60

**Instructions:**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1A Choose the appropriate answer from the following.****(08)**

1. Economic is \_\_\_\_\_ Science.
  - a) Political
  - b) Social
  - c) Natural
  - d) All
2. Ceteris Paribus means \_\_\_\_\_.
  - a) Other things being same
  - b) demand is constant
  - c) Supply is constant
  - d) None of these
3. Price is value expressed in terms of
  - a) Money
  - b) Cost
  - c) Demand
  - d) Revenue
4. All inputs can be varied in \_\_\_\_\_.
  - a) Short run
  - b) Long run
  - c) Both periods
  - d) None of these
5. Demand decreases because of change in \_\_\_\_\_.
  - a) Price
  - b) Income
  - c) Cost
  - d) none of these
6. When price elasticity is zero, shape of demand curve is \_\_\_\_\_.
  - a) Horizontal
  - b) Vertical
  - c) Downward
  - d) None of these
7. Sunshine is \_\_\_\_\_ good.
  - a) Capital Good
  - b) Consumer Good
  - c) Free good
  - d) Durable good
8. Average Revenue is Revenue \_\_\_\_\_.
  - a) Per unit of output
  - b) Total unit of output
  - c) Both A and B
  - d) None of these

**Q.1B. Give meaning.****(07)**

1. Time Utility
2. Opportunity cost
3. International trade
4. Foreign Exchange
5. Marginal Revenue
6. Elasticity
7. Social cost

- Q.2 Write a Short note on:** (15)
- A. Fixed cost
  - B. Extension in demand.
  - C. Contraction in supply.
  - D. Micro Economics.
  - E. Budget line.
- Q.3A** Explain decomposition of price effect into income and substitution effect. (08)
- OR**
- Q.3A** Explain methods to measure price elasticity (08)
- Q.3B** Explain relationship between AC, AFC, AVC, TC, MC. (07)
- OR**
- Q.3B** Explain case of normal profit and super normal profit under perfect competition. (07)
- Q.4A** What is demand? Explain the law of demand with its exceptions. (07)
- Q.4B** Answer the following. (each of two marks) (08)
1. What are features of perfect competition?
  2. What is foreign exchange?
  3. What is disequilibrium in Balance of Payment?
  4. What is imperfect competition market?