[7]   SEAT No._____

Sardar Patel University
Vallabh Vidyanagar - 388120
Semester End Examination March/April 2018
F.Y.B.A.(Advanced) Semester II
UA02CEEC02 –Elements of Economic Theory II

Date: 03rd April 2018, Tuesday   Total Marks: 60
Time: 10.00 am to 12.00 pm
Note: Figures to the right indicate marks
        Draw Diagrams and cite examples wherever necessary.

Q:1   Attempt the following-   (15)
(1)   A perfectly competitive firm in the short run can make
      A)abnormal profit   B)loss
      C) normal profit   D) all of these
(2)   Under perfect competition the relationship between AR and MR
      A) AR>MR   B) AR<MR
      C) AR = MR   D)No relation
(3)   When AC is rising
      A) MC is below AC   B) MC is falling and rising
      C) MC is rising and above AC   D) none of the above
(4)   When there is perfect competition in the factor and product market there is
      A) minimum exploitation   B) maximum exploitation
      C) no labour exploitation   D) All of these
(5)   Liquidity trap is
      A) All money kept in liquid cash   B) No money kept in liquid cash
      C) Less money kept in liquid cash   D) None of these
(6)   The real national income is
      A) GNP_{MP} B) GNP_{FC}
      C) GDP   D) none of the above
(7)   In case of perfect elasticity of land there is _____
      A) no rent   B) maximum rent
      C) least rent   D) none of the above
(8)   The least quality land has
      A) least rent   B) maximum rent
      C) no rent   D) none of these
(9)   _____ is not a characteristics of perfect competition
      A) large number of buyers   B) large number of sellers
      C) entry barriers   D) perfect knowledge
(10) Interest is the reward for _____
      A) loss of liquidity   B) ability to do business
      C) Opportunity Cost   D) none of the above
(11) _____is the most important function of money is
      A) store of value   B) Medium of exchange
      C)Medium of differed payment   D) All of these
(12) _____ is the most important
      A)custodian of money   B)Issue of deposits.
      C)advancement of loans   D)none of the above.
(13) _____ is the most important source of revenue of GOI
      A) Customs Duty   B) Direct Tax
      C) Indirect tax   D)None of the above
(14) Barter system means _____

(1)

(P.T.O.)

(15) _____ propounded Risk and Uncertainty Theory of profit.

A)David Ricardo   B)Prof Knight

C)Prof Foel   D) none of the above.

Q.2   Discuss the equilibrium of a firm under perfect competition in short run as well as long run.   (15)

OR

Q.2   What are the different types of taxes? Explain the merits and demerits of direct and indirect taxes.   (15)

Q.3   Explain ANY TWO theories of profit.   (15)

OR

Q.3   What are the functions of commercial bank?   (15)

Q-4   Write ANY TWO of the following   (15)

A) Concept of Quantity Theory of money

B) Functions of money

C) Keynesian theory of interest

D) Relationship between Average Cost and Marginal Cost Curve.

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