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SARDAR PATEL UNIVERSITY
FY BCom (External) Examination
Tuesday, 11 March 2014
10.30 am - 1.30 pm
PECO 101 - Principles of Economics I

Total Marks : 100

Note : Figures to the right indicates full marks to the question concern.

- Q.1(A) What are the basic problems of an economy ? Explain (10)
(B) Discuss the importance of economic assumptions. (10)
OR
- Q.1(A) What do you mean by indifference curve ? (10)
(B) Explain the properties of indifference curve. (10)
- Q.2(A) Explain the law of demand with factors affecting it . (10)
(B) Discuss the Consumer's Equilibrium. (10)
OR
- Q.2(A) What do you mean by supply ? Discuss the law of supply. (10)
(b) Differentiate : (10)
- Increase in supply and expansion in supply
- Decrease in supply and contraction in supply
- Q.3(A) Discuss the relation between average variable cost and (10)
marginal cost. (10)
(B) Why are the short run average cost curve is of a 'U'-shaped ? (10)
OR
- Q.3(A) Explain the concept of Total Revenue, Average Revenue and (10)
Marginal Revenue. (10)
(B) Write note on - Nature of revenue curve under perfect and (10)
imperfect competition.
- Q.4(A) What is meant by Monopoly and its characteristics ? (10)
(B) How is equilibrium price determined in monopolist ? (10)
OR
- Q.4(A) Explain the price discrimination. (10)
(B) What is Selling Cost ? When is it possible ? Why ? (10)
- Q.5(A) What is Oligopoly ? State its characteristics. (10)
(B) Discuss the price-output determination under oligopoly. (10)
OR
- Q.5(A) What is Quasi-rent ? (10)
(B) State and explain the liquidity preference theory of interest.

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