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SEAT No. _____

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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 _____

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(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.