Name: Enrolment No:	

UPES
End Semester Examination, December 2025

Course: Law and Economics	**Semester: I**
Program: BA.LLB	**Time : 03 hrs.**
Course Code: CLNL1035	**Max. Marks: 100**

Instructions: Please use the usual notations used in the class.

SECTION A
(5Qx2M=10Marks)

S. No.		Marks	CO
Q 1	Which of the following best distinguishes positive economics from normative economics? A. Positive economics deals with value-judgments, while normative economics deals with facts. B. Positive economics explains "what is," while normative economics prescribes "what ought to be." C. Positive economics is related only to microeconomics, while normative economics is related only to macroeconomics. D. Positive economics is theoretical, while normative economics is never theoretical.	**2**	**CO 1**
Q 2	If the price of a product decreases from ₹50 to ₹40 and the quantity demanded increases from 100 units to 150 units, the price elasticity of demand is: A. 0.5 (Inelastic) B. 1.0 (Unitary elastic) C. 2.0 (Elastic) D. 3.0 (Highly elastic)	**2**	**CO 1**
Q 3	The equilibrium price in a market is determined at the point where: A. Demand is maximum B. Supply is maximum C. Demand equals supply D. Price is lowest	**2**	**CO 1**
Q 4	The Canon of Certainty means that: A. Taxes should be convenient to pay	**2**	**CO 1**

	B. The taxpayer should know clearly how much tax to pay, when, and how C. Taxes should not reduce the taxpayer's income D. Taxes should increase government revenue only		
Q 5	Public goods often lead to market failure because they are: A. Rival and excludable B. Non-rival and non-excludable C. Produced only by private firms D. Always expensive	**2**	**CO 1**
SECTION B **(4Qx5M= 20 Marks)**			
Q 6	**Price (₹) Quantity Demanded (Units) Quantity Supplied (Units)** 10 50 20 20 40 30 30 30 40 40 20 50 50 10 60 What is market equilibrium? (2) Is there an equilibrium in the above market if yes (no) why? (3)	**5**	**CO 2**
Q 7	**Price (₹) Quantity Supplied (Units)** 50 30 60 45 Calculate elasticity of demand using arc method from point 30 to 45.(2) Calculate elasticity using mid-point method. (3)	**5**	**CO 2**
Q 8	**Labor (Workers) Total Product (Units)** 1 5 2 12 3 20 4 27 5 33 Calculate the **Marginal Product (MP)** and **Average Product (AP)** for each level of labor. (2) Draw the suitable diagram indicating TP, AP and MP (3)	**5**	**CO 2**
Q 9	**Output (Units) Total Cost (₹)** 0 100 5 130 10 160 15 200 20 260 Calculate **Average Cost (AC)** and **Marginal Cost (MC)**.	**5**	**CO 2**

SECTION-C (2Qx10M=20 Marks)			
Q 10	Distinguish between three (Perfectly competitive, Monopoly and Oligopoly) types of market.	**10**	**CO 3**
Q 11	Suppose the economy enters a recession, banks are reluctant to lend, and business confidence is low. How can the Reserve Bank of India (RBI) use monetary policy to stabilize this situation.	**10**	**CO 3**
SECTION-D (2Qx25M=50 Marks)			
Q 12	What is Market failure? (5) Explain in detail the meaning of income inequality and how we can measure it? (5) A country introduces a new tax system that causes widespread dissatisfaction. The tax rates are different for people with the same income, making the system unfair. Taxpayers are not informed clearly about how much they must pay, and collection dates keep changing without notice. The procedure to pay tax is complicated, requiring long queues at government offices, and there is no option to pay online. The government frequently changes the tax rules, creating instability and confusion among businesses. Additionally, the cost of collecting taxes becomes very high, meaning that the government spends a large portion of the revenue just on administration. Identify the cannons of taxation which are violated in the above case and explain. (15)	**25**	**CO 4**
Q 13	Explain the concept of Circular Flow if Income (CFI)? (5) (5) In an economy, there are two firms producing goods and services for the market. Firm A has an output of ₹200 and incurs intermediate consumption of ₹50, while Firm B has an output of ₹300 and intermediate consumption of ₹100. Additionally, the total factor incomes in the economy are as follows: wages = ₹200, profits = ₹150, and there is no rent, interest, or taxes. Finally, if the total expenditure in the economy consists of private consumption of ₹220, investment of ₹80, government spending of ₹50. What is GDP. Using the information in the above case calculate the GDP using all three methods. (10). Put all these transactions on Circular Flow of Income framework. (10)	**25**	**CO 4**