Reg. No.: ....

Name: ....

W7422

University of Kerala

First Semester FYUGP Degree Examination, December 2025

Discipline Specific Core Course

ECONOMICS

UK1DSCECO100 - Principles of Economics

Academic Level: 100-199

2025-Admission

Time: 2 Hours(120 Mins) **Max. Marks: 56**

Part A.6 Marks:Time 5 Minutes.(Cognitive Level :Remember(RE)/Understand(UN)) Objective Type.1 mark each, Answer all questions

Qn No.	Question	CL	CO
1	A shop doubles the price of juice and notices demand falls. This reflects: Options : A)Law of supply B)Law of demand C)Diminishing returns D)No relation	RE	2
2	A farmer gets better irrigation and produces more crops. This means the PPC will: Options : A)Shift left B)Shift right C)Become steeper D)Fall to zero	RE	1
3	Which of these is a consequence of inflation? Options : A)Increase in purchasing power B)Decrease in unemployment C)Decrease in value of money D)Increase in real wages	UN	3
4	When the Marginal Utility is negative, the Total Utility is Options : A)falling B)rising C)remains constant D)None of the above	UN	1
5	In a mixed economy, decisions about production are made by Options : A)Only the government B)Only private sector firms C)Both government and private sector together D)Foreign countries	UN	1
6	1. A country has an absolute advantage in producing a good when it:	UN	1

Qn No.	Question	CL	CO
	Options : A) Can produce that good using fewer resources or at lower cost than another country B) Has a lower opportunity cost of producing that good C) Exports more of that good than any other country D) Has the largest population to consume that good		

Part B.10 Marks.Time:20 Minutes (Cognitive Level:Understand(UN)/Apply(AP))Two-three sentences.2 marks each.Answer all questions

Qn No.	Question	CL	CO
7	Explain the Gains from Trade.	UN	2
8	7.Distinguish between GDP at current and constant prices.	UN	2
9	Define rational behaviour.	AP	1
10	Explain one limitation of using GDP as a measure of economic welfare.	AP	2
11	Analyze how the consumers equilibrium condition changes when one of the good become free.	AP	2

Part C.16 Marks.Time:35 Minutes.(Cognitive Level :Apply(AP)/Analyse(AN))Short Answer.4 marks each, Answer all 4 questions,choosing among options * within each question

Qn No.	Question	CL	CO
12	A) A country's net exports are negative . How does this affect the national income OR B) Explain short-run and long-run production functions.	AP	3, 3
13	A) Show how Production Possibility Frontier helps in understanding opportunity cost. OR B) Why short run costs curve are U-shaped?	AP	1, 3
14	A) Services rendered by housewives are included in the measurement of national income- Is this statements true or false? Give reasons OR B)	AN	3, 3

Qn No.	Question	CL	CO
	12.Describe the components of HDI and its significance.		
15	A) Differentiate between Positive and Normative Economics. OR B) Analyze the causes and consequences of inflation on different sections of society.	AN	4, 4

Part D.24 Marks.Time: 60 Minutes.(Cognitive Level :Analyse(AN)/Evaluate(EV)/Create(CR)) Long Answer 6 Marks each.Answer all 4 questions choosing among options * within each question

Qn No.	Question	CL	CO
16	A) Analyse the law of variable proportions OR B) Explain the working of the circular flow of income in a three -sector economy. How do taxes, government expenditure and transfers influence equilibrium?	AN	3, 4
17	A) Evaluate the gains from international trade in a developing economy OR B) Analyze the concept of income inequality and discuss its implications for economic development. Examine the methods used to measure income inequality, such as the **Lorenz Curve** and **Gini Coefficient**, and evaluate their significance and limitations	EV	5, 4
18	A) Evaluate whether the law of diminishing marginal utility applies to all goods. Give arguments for and against. OR B) Prepare a note on consumers surplus with diagrammatic representation.	EV	2, 2
19	A) Create a diagram of different stages of business cycles OR B)	CR	4, 3

Qn No.	Question	CL	CO
	Develop a simple export promotion strategy for a developing country.		