



U7820

Reg. No.:

Name:.....

**University of Kerala**

First Semester Degree Examination, November 2024

Four Year Under Graduate Programme

Discipline Specific Core Course

ECONOMICS

UK1DSCECO100 - PRINCIPLES OF ECONOMICS

Academic Level: 100-199

Time: 2 Hours**Max. Marks:56****Part A.****Answer All Questions , Objective Type. 1 Mark Each.****(Cognitive Level: Remember/Understand)****6 Marks. Time: 5 Minutes.**

Qn. No.	Question	Cognitive Level	Course Outcome (CO)
1.	Which among the following is the goal of economics? a) To predict economic occurrences b) To develop policies that correct problems on unemployment and inflation c) Both a and b d) None of the above	Remember	CO-1
2.	Nominal GDP means a) The total output in the domestic economy b) The market value of all final goods and services produced in the domestic economy in a one-year period at current prices c) The market value of all final goods and services produced in the domestic economy in a one-year period at constant prices d) The maximum production that can take place in the domestic economy without putting upward pressure on the general level of prices	Remember	CO-1
3.	What does it mean if the production possibilities frontier is shifted outward? a) It means that the economy is using most of its resources to make one good b) It means that an economic advance in one industry will increase the number of two commodities the economy can produce c) It means that an economic advance in one industry will	Understand	CO-1

	decrease the number of two commodities the economy can produce d) All the above		
4.	The elasticity of demand for salt is a) Highly elastic b) Unit Elastic c) Inelastic d) Perfectly elastic	Understand	CO-1
5.	If the world price of steel is higher than the domestic price, then steel producing countries would become a) An importer b) An exporter c) Neither an exporter nor an importer d) Either become an exporter or an importer	Understand	CO-1
6.	Which among the following depends on family size? a) Poverty rate; b) Unemployment rate c) Poverty line d) All the above	Understand	CO-1

Part B.

**Answer All Questions, Two-Three sentences. 2 Marks Each.
(Cognitive Level: Understand/Apply) 10 Marks. Time: 20 Minutes**

Qn. No.	Question	Cognitive Level	Course Outcome (CO)
7.	In any market, total revenue is the price of the good times the quantity of the goods sold. If $P = 4$, $Q = 100$, find the total revenue and explain how total revenue changes as one moves along the demand curve.	Understand	CO-2
8.	Which term is used by economists to describe the opportunity cost of two producers? Give an example	Understand	CO-2
9.	The composition of GDP among various types of spending can be expressed through an equation identity. Write the equation of identity with ample explanation.	Apply	CO-1
10.	What do you call a situation where workers are laid off, unemployment rises, and factories are idle? It can be a mild one or severe. Bring out the relevance of this economic situation.	Apply	CO-2
11.	Write the concept used to show the tradeoff between commodity A and commodity B that the consumer faces.	Apply	CO-3

Part C.

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

Qn. No.	Question	Cognitive Level	Course Outcome (CO)
12.	(a) Suppose an announcement from health experts encouraged people to use more coconut oil to keep life healthy. People want to purchase a larger quantity of coconut oil at any given price. Explain how it is going to affect the demand curve of coconut oil. List out the variables that determine the quantity demanded in a market and how a change in the variable affects the demand curve	Apply	CO -2

	OR (b) What determines the quantity an individual supply?		
13.	(a) Suppose that a 10-percent increase in the price of an ice cream cone causes the amount of ice cream you buy to fall by 20 percent. Calculate the elasticity of demand and interpret the result. OR (b) Consumer surplus measures the benefit to buyers of participating in a market. Comment on it	Apply	CO-3
14.	(a) The production-possibility frontier depicts limited productive capability, the problem of scarcity, and the concept of opportunity cost. Analyze the statement OR (b) Although total cost curves are very important, per-unit cost curves are even more important in the firm's short-run analysis. Graphically analyze.	Analyze	CO-2
15.	(a) What effect does unanticipated inflation have upon: (1) individuals who are retired and living on a fixed income, (2) debtors, and (3) creditors. OR (b) Economic development is a wider concept that has both qualitative and quantitative dimensions, while economic growth has only a quantitative dimension. Comment.	Analyze	CO-3

Part D.

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

Qn. No.	Question	Cognitive Level	Course Outcome (CO)
16.	a) In many situations, people make the best decisions by thinking at the margin. Analyze this with a suitable example OR b) Trade between two countries can make each country better off. Comment on how trade can be beneficial to each party.	Analyze	CO-2
17.	a) The principle of comparative advantage explains interdependence and the gains from trade. Briefly discuss a suitable example to explain the comparative advantage theory. OR b) How does Total Revenue Change When Price Changes? Explain Graphically and evaluate the changes.	Evaluate	CO-3
18.	(a) Economists classify demand curves according to their elasticity. Comment OR (b) Discuss the limitations of measuring the national income in a country like India.	Evaluate	CO-3
19.	(a) How have climate change issues affected the lives of ordinary people in the country? OR (b) Do all demand curves slope downward? Write your opinion in this regard	Evaluate	CO-3