# TEMPLATE 4

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| **University of Kerala** |  | |
| Discipline: Commerce |  | Time: 2 Hours (120 Mins.) |
| Course Code: UK1DSCECO100 |  | Total Marks: 56 |
| Course Title: Principles of Economics |  |  |
| Type of Course: DSC |  |  |
| Semester: 1 |  |  |
| Academic Level: 100-199 |  |  |
| Total Credit: 4, Theory: 4 Credit, Practical: 0 Credit |  |  |

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

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| **Qn. No.** | **Question** | **Cognitive Level** | **Course Outcome (CO)** |
| 1. | Inflation relates to which of the following?  a) price level falls - money value falls b) price level rises - money value rises c) Price level rises - money value falls d) price level falls - money value rises | Remember | CO-1 |
| 2. | If a person is ready to work at the prevailing wage rate in the market but cannot find work, what type of unemployment would it be called?  a) Voluntary unemployment b) Involuntary unemployment c) Seasonal unemployment d) None of the above | Remember | CO-1 |
| 3. | If the nominal GDP of a country increases, it means:  a) The country produced more goods and servicesb) The prices of goods and services have increasedc) Either the quantity of goods and services produced or the prices have increasedd) Only the population has increased | Understand | CO-2 |
| 4. | When demand is perfectly elastic, the demand curve is  a. Steeper b. Linear c. Horizontal straight-line d. Vertical | Understand | CO-1 |
| 5. | The tangency between the indifference curve and the price line shows  a. Consumer’s surplus b. Consumer’s equilibrium c. Consumer demand d. Consumer budget | Understand | CO-1 |
| 6. | In a market economy, the equilibrium price is reached at a  a) Point of interaction of aggregate demand and aggregate supply curve b) At the top of demand curve c) Midpoint of demand curve d) Midpoint of supply curve | Understand | CO-1 |

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

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| **Qn. No.** | **Question** | **Cognitive Level** | **Course Outcome (CO)** |
| 7. | A bakery has a fixed number of ovens and hires more workers as demand increases. Identify the variable and fixed costs. | Understand | CO-2 |
| 8. | Boom and Depression are the two phases of business cycles; explain the significant differences of these situations. | Understand | CO-2 |
| 9. | Explain the most important variables influencing demand for a commodity. | Apply | CO-2 |
| 10. | Nominal National Income is different from Real National Income. Explain the difference between these concepts. | Apply | CO-3 |
| 11. | A student consuming seven to eight chocolate bars at a time stops eating after a point. Identify the law that reflects this aspect. | Apply | CO-2 |

Part C. 16 Marks. Time: 35 Minutes. (Cognitive Level: Apply/Analyze)

Short Answer. 4 Marks Each. Answer all 4 questions, choosing among options\* within each question.

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| **Qn. No.** |  |  | **Question** | **Cognitive Level** | **Course Outcome (CO)** |
| 12. | (a)  OR  (b) Graphically illustrate the shift in the demand curve and the reasons for the shift. | Analyze the impact of tax on sugar on soft drinks. |  | Apply | CO-3  CO-3 |
| 13. | (a) Identify two examples of scarcity affecting everyday life.  OR  (b)If the total cost is Rs 1000 for 10 units, what is the Average Total cost? Draw an ATC also. |  |  | Apply | CO-3  CO-3 |
| 14. | (a) The distribution of income in India should be more equal. Inspect whether the statement is normative or positive and reason  OR  (b) Examine whether the demand for Coca-Cola is elastic or inelastic and the reason |  |  | Analyze | CO-2  CO-3 |
| 15. | State the reasons for the following  (a) Non-traded goods are not measured in GDP.  OR  (b) Underemployment situation reduces economic progress |  |  | Analyze | CO-3  CO-3 |

Page **1** of **14**

Part D. 24 Marks. Time: 60 Minutes. (Cognitive Level: Analyze/Evaluate)

Long Answer. 6 Marks Each. Answer all 4 questions, choosing among options\* within each question.

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| **Qn. No.** |  |  | **Question** | **Cognitive Level** | **Course Outcome (CO)** |
| 16. | (a) Given the following TVC schedule and TFC is 12. Find TC, AFC, AVC, MC and AC. Also, state the relationship between AVC, MC, and AC.   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Quantity | 1 | 2 | 3 | 4 | 5 | 6 | | TVC | 6 | 8 | 9 | 10.5 | 14 | 21 |   OR  (b) Derive the demand Curve from the price Consumption Curve. |  |  | Analyze | CO-3  CO-3 |
| 17. | (a) Q d=10-4p, Qs =-2+8p . Qd indicates quantity demanded, and Qs indicates quantity supplied. Find the equilibrium price and quantity.  OR  (b) Medicines have an inelastic demand, and computers have an elastic demand. What happens to the total consumer spending if the quantity supplied is doubled for both products? Which product experiences a larger change in quantity? Give reasons. |  |  | Evaluate | CO-3  CO-3 |
| 18. | (a) Investment is a flow variable, not a stock.” Explain the situation. Investment depends on several factors; what are these factors?  OR  (b) Point out the various methods of measuring the National Income of a country. |  |  | Evaluate | CO-3  CO-3 |
| 19. | (a) “Comparative advantage theory of trade explores the benefit of the international division of labor”-Inspect the statement.  OR  (b) Analyze the monetary and Fiscal measures for fighting against inflation. |  |  | Analyze | CO-3  CO-3 |

Page **2** of **14**