

(Pages : 3)

H – 2031

Reg. No. : .....

Name : .....

First Semester B.A. Degree Examination, November 2019

First Degree Programme Under CBCSS

Economics

Complementary Course I

EC 1131 — FOUNDATIONS OF ECONOMIC THEORY

(2019 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – I

Answer **all** questions. Each question carries **1** mark.

1. Scarcity definition.
2. Expansion path.
3. Ceteris paribus.
4. Oligopoly.
5. Substitution effect.
6. Elasticity of supply.
7. Homogeneous production function.
8. Giffen paradox.
9. Explicit cost.
10. Break even point.

(10 × 1 = 10 Marks)

P.T.O.

## SECTION – II

Answer **any eight** questions not exceeding **one** paragraph. Each question carries **2** marks.

11. Distinguish between Positive economics and Normative Economics.
12. Write a short note on the definition of Growth and Welfare.
13. What is Production Possibility curve?
14. What is market equilibrium?
15. Distinguish between Arc elasticity and Point elasticity of demand.
16. Why the assumption of constant marginal utility of money is essential in Marshall's Cardinal utility analysis?
17. Critically evaluate Ordinal utility analysis.
18. Show the relationship between TR, AR and MR.
19. Write a short note on Opportunity cost.
20. Explain the relationship between MC and AC with the help of a diagram.
21. Differentiate between AFC and AVC.
22. What is Product differentiation?

**(8 × 2 = 16 Marks)**

## SECTION – III

Answer **any six** questions, not exceeding **120** words. Each question carries **4** marks.

23. What are the different features of Monopolistic competition.
24. Distinguish between Perfect competition and Imperfect competition.

25. Distinguish between Micro economics and Macroeconomics and explain the importance of Microeconomics.
26. Explain the theory of Returns to scale.
27. Briefly elaborate the ideas of the Traditional theory of Cost.
28. How would you measure Price elasticity of demand at a point on the demand curve?
29. Why does the demand curve slopes downward to the right?
30. Distinguish between Law of demand and Law of Supply.
31. Define Consumer's surplus. What are the difficulties in the measurement of Consumer's surplus.

**(6 × 4 = 24 Marks)**

#### SECTION – IV

Answer **any two** questions, not exceeding **4** pages. Each question carries **15** marks.

32. Briefly explain the Theory of Short run production function.
33. 'Scarcity is at the root of all economic problems and their solution lies in choice. Explain.
34. Discuss the Price, Cross and Income elasticity of demand with the help of examples.
35. Briefly explain different types of Market structures. What are the important features of Perfect competition.

**(2 × 15 = 30 Marks)**