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| **B. E. Degree (Autonomous) Eighth Semester End Examination (SEE), May 2021/June 2021** | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | |
| **PRINCIPLES of ECONOMICS** | | | | | | | | | | | | | | | | | | | |
| **(Model Question Paper – I)** | | | | | | | | | | | | | | | | | | | |
| **Time: 3 Hours]** | | | | | | | | | | |  | | | | **[Maximum Marks: 100** | | | | |
|  | | | | | | | **Instructions to students:**  **Answer FIVE FULL questions.**  **Write diagram for questions where it is relevant.** | | | | | | | | | |  | | |
|  | | | | | | | | | | | | | | | | | | | |
| **Q.No.** | | | **Questions** | | | | | | | | | | | | | **Marks** | | **CO** | **RBT Cognitive Level** |
| **1.** | **a)** | | Explain the Circular flow diagram by considering a use case. | | | | | | | | | | | | | 6 | | CO1 | L3 |
| **b)** | | Illustrate with a neat diagram how individuals make choices based on their budget constraint by considering a use case. | | | | | | | | | | | | | 7 | | CO1 | L3 |
| **c)** | | Discuss Production Possibilities frontier with a neat diagram by considering a use case. | | | | | | | | | | | | | 7 | | CO1 | L2 |
| **OR** | | | | | | | | | | | | | | | | | | | |
| **2.** | **a)** | | Explain productive and allocative efficiency with a neat diagram by considering a use case. | | | | | | | | | | | | | 6 | | CO1 | L3 |
| **b)** | | Describe how PPF gives information about comparative advantage by considering a use case. | | | | | | | | | | | | | 7 | | CO1 | L2 |
| **c)** | | Explain demand curve and supply curve by considering an example. | | | | | | | | | | | | | 7 | | CO1 | L3 |
|  | | | | | | | | | | | | | | | | | | | |
| **3.** | **a)** | | Calculate price elasticity of demand for the below figure. | | | | | | | | | | | | | 6 | | CO2 | L3 |
| **b)** | | Examine how changes in income affect the consumer choices by considering real world use cases. | | | | | | | | | | | | | 7 | | CO2 | L3 |
| **c)** | | Explain infinite and zero elasticity with a neat diagram. | | | | | | | | | | | | | 7 | | CO3 | L3 |
| **OR** | | | | | | | | | | | | | | | | | | | |
| **4.** | **a)** | | Discuss how elasticity can cause shifts in demand and supply by considering a use case. | | | | | | | | | | | | | 7 | | CO3 | L2 |
| **b)** | | Explain elasticity and tax incidence and describe how the long run and short run impacts of elasticity affect the equilibrium. | | | | | | | | | | | | | 7 | | CO3 | L3 |
| **c)** | | Discuss income elasticity of demand, cross price elasticity of demand and elasticity in labor and financial capital markets in detail. | | | | | | | | | | | | | 6 | | CO3 | L2 |
|  | | | | | | | | | | | | | | | | | | | | 8 Marks |
| **5.** | **a)** | | Discuss efficiency in perfectly competitive markets. | | | | | | | | | | | | | 6 | | CO4 | L2 |
| **b)** | | Explain how entry and exit lead to zero profits in the long run. Also, discuss the long run adjustment process with a neat diagram. | | | | | | | | | | | | | 7 | | CO3 | L3 |
| **c)** | | Determine the short run economic condition of a firm in perfect competition for the below data | | | | | | | | | | | | | 7 | | CO3 | L3 |
| **OR** | | | | | | | | | | | | | | | | | | | |
| **6.** | **a)** | | Explain shutdown point with a use case. | | | | | | | | | | | | | 7 | | CO3 | L3 |
| **b)** | | Illustrate how to determine the highest profit by comparing total revenue and total cost by considering a use case. | | | | | | | | | | | | | 6 | | CO3 | L3 |
| **c)** | | Distinguish between a natural monopoly and a legal monopoly and explain how economies of scale and the control of natural resources led to the necessary formation of legal monopolies. | | | | | | | | | | | | | 7 | | CO4 | L2 |
|  | | | | | | | | | | | | | | | | | | | |
| **7.** | **a)** | | Identify the components of GDP on the demand side and on the supply side in detail. | | | | | | | | | | | | | 7 | | CO5 | L2 |
| **b)** | | Explain how statisticians measure GDP in detail. | | | | | | | | | | | | | 7 | | CO5 | L3 |
| **c)** | | Explain the problem of double counting in detail. | | | | | | | | | | | | | 6 | | CO5 | L3 |
| **OR** | | | | | | | | | | | | | | | | | | | |
| **8.** | **a)** | | Discuss how well GDP Measures the Well-Being of Society. | | | | | | | | | | | | | 6 | | CO5 | L2 |
| **b)** | | Explain the conditions that have allowed for modern economic growth in the last two centuries and analyze the influence of public policies on an economy's long-run economic growth. | | | | | | | | | | | | | 7 | | CO5 | L3 |
| **c)** | | Identify the role of labor productivity in promoting economic growth and analyze the sources of economic growth using the aggregate production function. | | | | | | | | | | | | | 7 | | CO5 | L2 |
|  | | | | | | | | | | | | | | | | | | | |
| **9.** | **a)** | | Explain how Consumer Price Index (CPI) is used to calculate the US inflation rates. | | | | | | | | | | | | | 7 | | CO6 | L3 |
| **b)** | | Differentiate among the Consumer Price Index (CPI), the Producer Price Index (PPI), the International Price Index, the Employment Cost Index, and the GDP deflator. | | | | | | | | | | | | | 7 | | CO6 | L2 |
| **c)** | | Explain how inflation can cause redistributions of purchasing power with an example. | | | | | | | | | | | | | 6 | | CO6 | L3 |
| **OR** | | | | | | | | | | | | | | | | | | | |
| **10.** | **a)** | | Identify the ways in which the inflation can blur the perception of supply and demand and problems of long term planning. | | | | | | | | | | | | | 7 | | CO6 | L2 |
| **b)** | | Explain the relationship between indexing and inflation and identify the ways the government can control inflation through macroeconomic policy. | | | | | | | | | | | | | 7 | | CO6 | L3 |
| **c)** | | Explain the connection between trade balances and financial capital flows. | | | | | | | | | | | | | 6 | | CO6 | L3 |

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