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| **B. E. Degree (Autonomous) Eighth Semester End Examination (SEE), May 2021/June 2021** | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | |
| **PRINCIPLES of ECONOMICS** | | | | | | | | | | | | | | | | | | | |
| **(Model Question Paper – II)** | | | | | | | | | | | | | | | | | | | |
| **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)** | | Illustrate equilibrium price and equilibrium quantity by considering a real world use case. | | | | | | | | | | | | | 6 | | CO1 | L3 |
| **b)** | | Explain how income affects demand and the factors that shift the demand curve. | | | | | | | | | | | | | 7 | | CO1 | L3 |
| **c)** | | Explain how production cost affects supply and the factors that shift the supply curve. | | | | | | | | | | | | | 7 | | CO1 | L3 |
| **OR** | | | | | | | | | | | | | | | | | | | |
| **2.** | **a)** | | Discuss the four step process that changes the equilibrium price and quantity by considering a use case. | | | | | | | | | | | | | 7 | | CO1 | L3 |
| **b)** | | Explain price controls, price ceilings and price floors in detail by considering a use case. | | | | | | | | | | | | | 7 | | CO1 | L3 |
| **c)** | | Contrast consumer surplus, producer surplus and social surplus by considering a use case. | | | | | | | | | | | | | 6 | | CO1 | L2 |
|  | | | | | | | | | | | | | | | | | | | |
| **3.** | **a)** | | Explain total utility and diminishing marginal utility and discuss the rule for maximizing utility. | | | | | | | | | | | | | 6 | | CO2 | L3 |
| **b)** | | Calculate price elasticity of supply for the below figure. | | | | | | | | | | | | | 7 | | CO3 | L3 |
| **c)** | | Examine how price change affects the consumer choices by considering a real world use cases. | | | | | | | | | | | | | 7 | | CO2 | L3 |
| **OR** | | | | | | | | | | | | | | | | | | | |
| **4.** | **a)** | | Discuss how behavioral economics can be considered as an alternative framework for consumer choice. | | | | | | | | | | | | | 7 | | CO2 | L2 |
| **b)** | | Explain the categories into which the factors of production can be divided into. | | | | | | | | | | | | | 5 | | CO3 | L3 |
| **c)** | | Explain the difference between  a) fixed and variable inputs  b) production in short run and in the long run  c) total and marginal product | | | | | | | | | | | | | 8 | | CO3 | L3 |
|  | | | | | | | | | | | | | | | | | | | | 8 Marks |
| **5.** | **a)** | | Explain the perceived demand curves by a perfectly competitive firm and by a monopoly with a neat diagram. | | | | | | | | | | | | | 6 | | CO4 | L3 |
| **b)** | | Illustrate the profits for a monopoly with a graph of total revenues and total costs with an example. | | | | | | | | | | | | | 7 | | CO4 | L3 |
| **c)** | | Discuss marginal revenue and marginal cost for a monopolist with a neat diagram. | | | | | | | | | | | | | 7 | | CO4 | L2 |
| **OR** | | | | | | | | | | | | | | | | | | | |
| **6.** | **a)** | | Explain why monopoly is inefficient by considering an example. | | | | | | | | | | | | | 7 | | CO4 | L3 |
| **b)** | | Explain the perceived demand for a monopolistic competitor with a neat diagram. | | | | | | | | | | | | | 6 | | CO4 | L3 |
| **c)** | | Discuss entry, exit, and efficiency as they pertain to monopolistic competition. | | | | | | | | | | | | | 7 | | CO4 | L2 |
|  | | | | | | | | | | | | | | | | | | | |
| **7.** | **a)** | | Explain how to measure an economy's rate of productivity growth. | | | | | | | | | | | | | 7 | | CO5 | L2 |
| **b)** | | Explain capital deepening and its significance in detail. | | | | | | | | | | | | | 6 | | CO5 | L3 |
| **c)** | | Examine the methods employed in economic growth accounting studies and identify the factors that contribute to a healthy climate for economic growth. | | | | | | | | | | | | | 7 | | CO5 | L3 |
| **OR** | | | | | | | | | | | | | | | | | | | |
| **8.** | **a)** | | Explain various arguments for and against economic convergence. | | | | | | | | | | | | | 6 | | CO5 | L3 |
| **b)** | | Explain how economists define and compute the unemployment rate in detail. | | | | | | | | | | | | | 7 | | CO5 | L3 |
| **c)** | | Explain historical patterns of unemployment in the U.S. with a neat diagram and identify the trends of unemployment based on demographics. | | | | | | | | | | | | | 7 | | CO5 | L3 |
|  | | | | | | | | | | | | | | | | | | | |
| **9.** | **a)** | | Explain the determinants of trade and current account balance. | | | | | | | | | | | | | 6 | | CO6 | L3 |
| **b)** | | Explain how a nation's own level of domestic saving and investment determines a nation's balance of trade. | | | | | | | | | | | | | 7 | | CO6 | L3 |
| **c)** | | Identify the ways in which borrowing money or running a trade deficit can result in a healthy economy or can result in a weaker economy. | | | | | | | | | | | | | 7 | | CO6 | L2 |
| **OR** | | | | | | | | | | | | | | | | | | | |
| **10.** | **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 |

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