Reg. No. : .....

Name : .....

(Pages : 3)

B – 3003

First Semester B.A. Degree Examination, December 2016
First Degree Programme Under CBCSS
ECONOMICS
Complementary Course – I
EC 1131 : Foundations of Economic Theory
(For Philosophy, History, Islamic History, Political Science and Sociology)
(2013 and 2014 Admissions)

Time : 3 Hours

Max. Marks : 80

All Saints' College Trivandrum

SECTION – A

Answer **all** questions in **one** word to maximum of **two** sentences. **Each** question carries **one** mark.

1. Economic good.
2. Inferior good.
3. Wealth definition of economics.
4. Marginal rate of transformation.
5. Utility.
6. Marginal cost.
7. Quantity demanded.
8. Interest.
9. Quasi rent.
10. Price.

(10×1=10 Marks)

SECTION – B

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

11. Explain consumer equilibrium.
12. Distinguish between price effect and substitution effect.
13. Explain positive economics and normative economics.
14. Fixed cost and variable cost.
15. Law of variable proportion.
16. Briefly explain scarcity definition of economics.
17. Distinguish between shifts in demand and movements along a demand curve.
18. Explain perfectly elastic demand and perfectly inelastic demand diagrammatically.
19. What is Giffen paradox ?
20. What are conspicuous consumption ?
21. Explain localization of industry.
22. Explain break-even point.

(8×2=16 Marks)

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SECTION – C

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

23. Define law of supply. What are the determinants of supply ?
24. What do you understand by division of labour ? Explain its advantages.
25. Discuss innovation theory of profit.
26. What are the central problems of an economy ? Why do they arise ?
27. Explain the law of diminishing marginal utility.
28. Explain consumer surplus, illustrate it diagrammatically.
29. What are the causes of localization of industry ?
30. Discuss the methods for the derivation of economic laws.
31. Explain the relationship between total cost, average cost and marginal cost.

(6×4=24 Marks)

SECTION – D

Answer **any two** questions **not** exceeding **four** pages. **Each** question carries **fifteen** marks.

32. Briefly explain the definitions, meaning and scope of economic science.

33. State and explain the law of demand. State the exceptions to the law of demand.

34. State and explain the Ricardian theory of rent, illustrate it diagrammatically, what are its limitations ?

35. Explain the law of returns to scale, why do returns to scale operate ? **(2×15=30 Marks)**

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