

**25U131**

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Name : .....

Reg. No : .....

**FIRST SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2025**

(FYUGP)

(Regular/Supplementary/Improvement)

**CC24UECO1CJ101 - PRINCIPLES OF ECONOMICS**

(B.A. Economics - Major Course)

(2024 Admission onwards)

Time: 2.0 Hours

Maximum: 70 Marks

Credit: 4

**Part A (Short answer questions)**

Answer ***all*** questions. Each question carries 3 marks.

1. How can a company use financial incentives to motivate its employees? [Level:2] [CO1]
2. Explain how a government can use taxes to reduce negative externalities in a market [Level:3] [CO1]
3. Explain how economists might use different models to predict the same economic event, such as inflation. [Level:3] [CO2]
4. List three assumptions that economists commonly make when developing economic models and provide a brief rationale for each. [Level:3] [CO2]
5. Is scarcity always a negative aspect of economics? Justify your answer. [Level:5] [CO3]
6. Define economizing and explain how individuals must economize when faced with unlimited wants and limited resources. [Level:4] [CO3]
7. Explain how international trade affects the supply and demand for labor in a country. [Level:5] [CO3]
8. How would you judge the command economy's ability to meet consumer demand compared to the market system? [Level:5] [CO4]
9. Define the Profit System. How does it incentivize businesses to manage risk effectively? [Level:3] [CO4]
10. How does competition in the market ensure efficient use of resources in determining how goods and services will be produced? [Level:4] [CO4]

**(Ceiling: 24 Marks)**

**Part B (Paragraph questions/Problem)**

Answer **all** questions. Each question carries 6 marks.

11. Discuss how the trade-off between inflation and unemployment might be different in the long run compared to the short run [Level:4] [CO1]
12. Analyze how trade between countries can reduce poverty in developing economies. [Level:4] [CO1]
13. Discuss the role of political ideologies in influencing the acceptance of economists' advice. [Level:4] [CO2]
14. Evaluate the strengths and weaknesses of using the Production Possibilities Frontier as a tool for economic analysis. [Level:5] [CO2]
15. Compare and contrast marginal cost and marginal benefit in the context of resource allocation in a competitive market. [Level:3] [CO3]
16. How does the concept of freedom of enterprise impact small businesses versus large corporations? [Level:4] [CO4]
17. Analyze how an increase in demand for a product affects its equilibrium price and quantity. [Level:4] [CO4]
18. Discuss the social consequences of relying on command systems rather than market systems, focusing on individual choice and freedom. [Level:4] [CO4]

**(Ceiling: 36 Marks)**

**Part C (Essay questions)**

Answer any **one** question. The question carries 10 marks.

19. Evaluate the statement: "A country's standard of living is directly proportional to its productivity." Discuss the limitations of this view by considering factors other than productivity. [Level:5] [CO1]
20. Evaluate the effectiveness of the production possibilities curve in guiding economic policy decisions related to resource allocation. [Level:5] [CO3]

**(1 × 10 = 10 Marks)**

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