



Reg. No.:

Name:

University of Kerala

First Semester FYUGP Degree Examination, December 2025

Discipline Specific Core Course

ECONOMICS

UK1DSCECO101 - Fundamentals of Micro Economics

Academic Level: 100-199

2024-Admission onwards

Time: 2 Hours(120 Mins)

Max. Marks: 56

Part A.6 Marks:Time 5 Minutes.(Cognitive Level :Remember(RE)/Understand(UN)) Objective Type.1 mark each,
Answer all questions

Qn No.	Question	CL	CO
1	Under perfect competition, what level of profit do firms make in the long run? Options : A)Supernormal profit B)Normal profit C)Loss D)Unlimited profit	RE	2
2	A long run analysis of production is called Options : A)a) Economies of Scale B)b) Law of Variable Proportion C)c) Law of increasing returns D)d) Law of Returns to scale	RE	1
3	For a Giffen good, when its price falls, which of the following best describes the relationship between the income effect (IE) and the substitution effect (SE)? Options : A)Both the income effect and the substitution effect are zero. B)The positive substitution effect is greater than the negative income effect. C)The negative substitution effect is greater than the positive income effect. D)The positive substitution effect is outweighed by the negative income effect.	UN	2
4	What is an indifference curve? Options : A)Locus of points showing price ratios of two goods B)Locus of points showing combinations of goods giving equal satisfaction C)Locus of points showing the total expenditure of the consumer D)Locus of points showing different income levels	UN	2
5	The functional relationship between inputs and output is called as Options : A)a) Consumption Function B)b) Production Function C)c) Savings Function D)d) Investment Function	UN	2
6	Which is regarded as the ideal type of market structure?	UN	1

Qn No.	Question	CL	CO
	Options : A)Perfect Competition B)Monopoly C) Oligopoly D) Duopoly		

Part B.10 Marks.Time:20 Minutes (Cognitive Level:Understand(UN)/Apply(AP))Two-three sentences.2 marks each.Answer all questions

Qn No.	Question	CL	CO
7	How does a firm's short run expansion path differ from long run expansion path?	UN	1
8	Explain the features of perfectly competitive market.	UN	1
9	A firm decides to double its production. Apply the concept of economies of scale to suggest changes in cost structure.	AP	3
10	Why is a firm in perfect competition considered as a price taker?	AP	3
11	Discuss the different effects of a fall in the price of commodities X and Y on their respective demands where X is a normal good and Y is a Giffen good.	AP	3

Part C.16 Marks.Time:35 Minutes.(Cognitive Level :Apply(AP)/Analyse(AN))Short Answer.4 marks each, Answer all 4 questions,choosing among options * within each question

Qn No.	Question	CL	CO
12	A) Explain the scope of microeconomics in current scenario. OR B) A government introduces a policy that improves the welfare of some consumers but reduces the welfare of others. Apply the Compensation Principle and explain whether this policy can still be considered an improvement in social welfare.	AP	1, 3
13	A) Explain the law of Diminishing marginal utility with an example OR B) Analyse the economies and diseconomies of scale with suitable examples.	AP	3, 3
14	A)	AN	4, 2

Qn No.	Question	CL	CO
	Graphically analyse law of variable proportions. OR B) “It is impossible to make one person better off without making someone else worse off”- Analyse		
15	A) Explain the supply schedule and supply curve and illustrate how they are related to each other. OR B) Analyse how the Law of Variable Proportions operates in modern mechanized agriculture. Why might the stages appear differently compared to traditional farming?	AN	3, 2

Part D.24 Marks.Time: 60 Minutes.(Cognitive Level :Analyse(AN)/Evaluate(EV)/Create(CR)) Long Answer 6 Marks each.Answer all 4 questions choosing among options * within each question

Qn No.	Question	CL	CO
16	A) Define microeconomics. Explain its scope and importance in economic analysis. OR B) How does the kinked demand curve model explain price stability in oligopoly market?	AN	3, 4
17	A) Evaluate how price elasticity of demand influences the behaviour of consumers and producers in the market. OR B) Evaluate the social welfare consequence of price discrimination .	EV	4, 3
18	A) Critically evaluate how the concept of producer's equilibrium in indifference curve analysis help in cost minimisation and profit maximisation. OR B) Evaluate the effectiveness of Kaldore – Hicks Compensation Criterion as a tool for assessing changes in economic welfare.	EV	3, 4
19	A)	CR	4, 2

Qn No.	Question	CL	CO
	<p>Design a hypothetical market that closely resembles perfect competition.</p> <p>OR</p> <p>B)</p> <p>Design a scenario showing how a consumer maximizes satisfaction between two goods using a budget line and indifference curve.</p>		

Model QP