

## DISTANCE EDUCATION

B.B.M. DEGREE EXAMINATION, MAY 2011.

**PRINCIPLES OF ECONOMICS**

Time : Three hours

Maximum : 100 marks

PART A — (5 × 8 = 40 marks)

Answer any FIVE questions in about 200 words each.

All questions carry equal marks.

1. Define National Income. Bring out the importance of National Income analysis.
2. What do you mean by division of labour? What are its various forms?
3. Bring out the economies of large scale production.
4. Explain the concept of consumer surplus with diagram.
5. Bring out the differences between
  - (a) Fixed cost and variable cost
  - (b) Average cost and marginal cost.
6. Write down the features of monopoly.
7. What is meant by price discrimination? When is it possible?
8. Examine the causes for wage differentials.

PART B — (4 × 15 = 60 marks)

Answer any FOUR questions in about 400 words each.

All questions carry equal marks.

9. Explain the three methods of measuring National Income.
  10. What is price elasticity of demand? What are its various types?
  11. Explain the short run equilibrium of a perfectly competitive firm.
  12. Explain the Law of Returns.
  13. State and explain the Marginal Productivity Theory of Wages.
  14. Explain the concept of Quasi-Rent with diagram.
  15. Describe Liquidity Preference Theory of Interest.
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