

QP CODE: D3BEC2403	(Pages: 2)	Reg. No :
		Name :

THIRD SEMESTER FYUGP EXAMINATION, NOVEMBER 2025

Discipline Specific Core (DSC) Courses - Major

ECO3CJ202 : Evolution of Economic Theories

(Credits: 4)

Time: 2 Hours

Maximum Marks: 70

Section A

Answer the following questions. Each carries 3 marks (Ceiling: 24 marks)

1.	What is meant by consumer surplus, and how is it affected under monopoly?	BL1	CO1, CO2
2.	State Adam Smith's idea of the "invisible hand" and explain its role in resource allocation.	BL1	CO1, CO3
3.	What are economies of scale? Give one historical example.	BL1	CO1
4.	What is X-inefficiency, and why does it occur in monopolistic firms?	BL4	CO2, CO3
5.	State Gossen's Law and explain how it leads to the concept of Pareto Optimality.	BL1	CO3, CO4
6.	Who introduced the concept of merit and demerit goods? Explain briefly with one example each.	BL2	CO2, CO5
7.	According to Vilfredo Pareto, how does actual income distribution differ from a normal distribution?	BL2	CO2, CO4
8.	Define the term property rights and explain why they are important in the context of the Coase Theorem.	BL2	CO2, CO5
9.	Define classical dichotomy.	BL1	CO1, CO2
10.	Briefly explain the exploitation by 'Seven sisters' in the context of crude oil.	BL2	CO3, CO5

Section B

Answer the following questions. Each carries 6 marks (Ceiling: 36 Marks)

11.	Discuss the advantages and challenges of shared network access in sectors like telecommunications or railways.	BL3	CO5
12.	Compare the effects of rising demand and technological progress on market prices. Why might the same market show rising prices in the short term but falling prices in the long term?	BL4	CO1

(PTO)

13.	Discuss Gossen's Second Law of Optimal Allocation of Income. Use a simple numerical example to illustrate.	BL1	CO4
14.	Explain how the costs and risks borne by traders justify the existence of trade margins.	BL5	CO1
15.	How does taxation act as a solution to the problem of non-excludability?	BL3	CO1
16.	Explain the various measures of money supply.	BL1	CO1
17.	Discuss the causes of inflation in economy.	BL2	CO2, CO3
18.	'The aggregate savings rate was at the centre of the neo-classical growth model'. Elucidate this statement.	BL3	CO1, CO4

Section C

Answer any one question. Each carries 10 marks (1 x 10 = 10 Marks)

19.	<p>"The evolution of competition theory—from perfect competition to Schumpeter's innovation-driven model and Hayek's discovery process—shows a shift from abstraction to realism."</p> <p>Discuss this statement with reference to:</p> <ul style="list-style-type: none"> • The assumptions and limitations of the perfect competition model. • The contributions of imperfect competition theory. • Schumpeter's idea of creative destruction. • Hayek's concept of competition as a discovery process. 	BL4	CO3, CO4
20.	Explain the 'Knife-Edge' theory by Domar.	BL2	CO2, CO3, CO4

CO : Course Outcome

BL : Bloom's Taxonomy Levels (1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyse, 5 – Evaluate, 6 – Create)