FIRST SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2021
(CUCBCSS-UG)
CC15U ECO1 B01 – MICRO ECONOMICS - I
(Economics - Core Course)
(2016 to 2018 Admissions – Supplementary/Improvement)

Time: Three Hours   Maximum: 80 Marks

Section A
Answer *all* questions. Each question carries ½ mark.

1. Microeconomic theory studies how a free enterprise economy determines;
   a. The price of goods   b. The price of economic resources
   c. the price of services   d. all of the above

2. Prof. Robbin's definition of Economics is:
   a. Growth definition   b. wealth definition
   c. scarcity definition   d. Welfare definition

3. The theory of demand establishes a relationship between
   a. Price of product and Supply   b. Demand for a product and Supply
   c. Price of the product and Demand   d. All of them

4. In case of normal goods, demand curve shows:
   a. a negative slope   b. zero slope   c. a positive slope   d. none of these

5. The shape of the supply curve in very short period will be
   a. Vertical line   b. Parallel line   c. Horizontal line   d. none of the above

6. When income elasticity of demand is greater than unity, the commodity is
   a. Necessity   b. Luxury
   c. Complementary good   d. Inferior goods

7. A consumer is in equilibrium when marginal utilities are
   a. Minimum   b. Highest   c. Equal   d. Increasing

8. In the case of inferior goods income effect is;
   a. Positive   b. Negative   c. Zero   d. Unity

9. Stage II of production begins where the AP_L begins to decline;
   a. Always   b. Never   c. Sometimes   d. Often

10. Which of the following is called 'producers indifference curve'?
    a. Transformation curve   b. Isoquant
    c. Indifference curve   d. Isorevenue line

11. Cardinal utility analysis to consumer equilibrium was developed by
    a. Marshall   b. Geremy Bentham   c. Hicks and Allen   d. Gossen

12. Indifference curve is always

    a. Concave to the origin   b. L shaped

    c. Convex to the origin   d. A straight line

(12 × ½ = 6 Marks)

Section B
Answer any *ten* questions. Each question carries 2 marks.

13. Distinguish between inductive and deductive methods.

14. What is value judgment?

15. What is the Giffen paradox?

16. Distinguish between extension and contraction in demand.

17. What is income elasticity of demand?

18. Define Inferior good.

19. What is Iso-cost line?

20. What do you mean by Elasticity of Substitution?

21. State and explain 'revealed preference axiom'.

22. What is an expansion path?

23. What is price consumption curve?

24. Define Cobb - Dauglas production function.

(10 × 2 = 20 Marks)

Section C
Answer any *six* questions. Each question carries 5 marks.

25. What is an economic model? What are its uses?

26. Why does the demand curve slope downward to the right?

27. State and explain consumer's surplus.

28. Explain revealed preference theory.

29. Explain properties of indifference curve.

30. Explain superiority of indifference curve analysis over the Marshallian utility analysis.

31. Explain consumer equilibrium based on cardinal utility approach

32. State and explain returns to Scale.

(6 × 5 = 30 Marks)

Section D
Answer any *two* questions. Each question carries 12 marks.

33. Explain methods of measuring price elasticity of demand.

34. State and explain the law of diminishing marginal utility. What are its limitations?

35. Compare Hicks and Slutsky approach to the measurement of income and substitution effect.

36. Explain the law of variable proportions.

(2 × 12 = 24 Marks)

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