

Name : .....

Reg. No: .....24

FIRST SEMESTER M.A. (CCSS) DEGREE EXAMINATION, FEBRUARY 2013

33480

Economics

MICRO ECONOMIC THEORY AND APPLICATION

(2010 Admission)

Time : Three Hours

Maximum : 36 Weightage

PART - A

Answer all questions. Each bunch of four questions carries weightage 1.

A. Multiple Choice

- Learning curve shows
  - Decline in average input cost
  - Decline in long run average cost
  - Decline in total cost
  - None of these
- Cournot duopoly leads to
  - Stable equilibrium
  - Unstable equilibrium
  - Disequilibrium
  - Neutral equilibrium
- Labour deepening technical progress increases the MPL
  - Faster than MPK
  - Slower than MPK
  - At the same rate as the MPK
  - None of the above
- Bernoulli's hypothesis holds that individual takes decision under risky and uncertain decisions on the basis of:
  - Expected monetary value
  - Expected Utility
  - Both expected utility and expected monetary value
  - Marginal Utility of money

B. Multiple Choice

- Linearly homogeneous production function represents the case of :
  - Constant returns to scale
  - Increasing returns to scale
  - Decreasing returns to scale
  - Negative returns scale
- Neuman-Morgenstem hypothesis deals with consumer behavior in respect of:
  - Risk
  - Introspection
  - Preference
  - Indifference
- When in a game aggregate of gain and loss is zero, the constant sum game becomes a
  - zero sum game
  - maximum game
  - Minimax game
  - None
- Stock adjustment principle was developed by
  - Leontieff
  - J R Hicks
  - Nerlove
  - Mars ball

C - Fill in the blanks.

- According to Williamson firm has emerged to economize on ..... of factors of
- A kinked isoquant assumes ..... of factors of producing.



13. If the commodity is durable one, past purchases reflect the habit.
14. A game represents the pay off to each player for each combination of strategies that are chosen is called pay off matrix.
15. In capital-deepening technical progress the slope of the isoquant is negative.
16. Friedman - Savage hypothesis holds that marginal utility of money diminishes for poor and rich.

(16 x 0.25 = 4 Weightage)

### PART - B

Short answer questions

(Answer any ten not exceeding one page each)

17. Explain Veblen effect.
18. Explain constant elasticity of demand function.
19. Distinguish between risk averse and risk loves.
20. Explain St. Peter's hung paradox.
21. Explain the types of technical progress.
22. What do you mean by production function.
23. Explain Nash equilibrium.
24. Explain Houthakker's and Taylor's model.
25. Briefly explain Sylos-Labini limit pricing model.
26. Explain the contributions of Coase and Williamson to the theory of Transaction cost.
27. Explain repeated game.
28. Explain economics of scale.

(10 x 2 = 20 Weightage)

### PART - C

Essay questions.

Answer any three not exceeding three pages each.

29. Explain the features of Cobb-Douglas production function.
30. Briefly explain stock adjustment principle.
31. Critically examine classical oligopoly models.
32. Explain Markovitz hypothesis.
33. Evaluate game theory.

(3 x 4 = 12 Weightage)

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