FIRST SEMESTER M.A. DEGREE EXTERNAL EXAMINATION FEB. 2016
(2015 Admission)

CC15P ECO1 C01 – Micro Economics: Theory and Application I
(Economics)

Time : Three Hours   **Maximum : 36 Weightage**

Part A
Objective Type Questions.
Answer all twelve questions (12 x $^1/_4$ = 3 weightage)

1. Neutral technical progress raises the efficiency of:
   (a) Labour   (b) Labour and Capital
   (c) Capital   (d) None
2. Limit pricing model was formulated by
   (a) Chamberlain   (b) Adam Smith
   (c) Bain   (d) Marshal
3. Sales maximisation theory was developed by:
   (a) Marris   (b) Baumol
   (c) Sylos   (d) Modigliani
4. Individual takes decision under risky and uncertain situations on the basis of:
   (a) Expected monetary value   (b) Expected utility
   (c) Both expected utility and monetary value   (d) Marginal utility of money
5. Cobb-Douglas production function is of homogeneous degree:
   (a) < 1 (b) 0
   (c) 1   (d) > 1
6. In this type of game binding contracts are possible:
   (a) Non-co-operative game   (b) Co-operative game
   (c) Strategic game   (d) None
7. Prisoner's Dilemma refers to a situation in which each firm adopts its:
   (a) Strategy   (b) Dominant strategy
   (c) Maxim Strategy   (d) None
8. The kink in the demand curve under oligopoly is due to:
   (a) Price war   (b) Collusion
   (c) Price leadership   (d) Price rigidity
9. Under risk, the probability of each specific outcome is:
   (a) Known   (b) Predictable
   (c) Not Known   (d) None
10. Risk averters face:
    (a) Increasing Marginal Utility of Money   (b) Decreasing Marginal Utility of Money
    (C) Constant Marginal Utility of Money   (d) None of the above
11. In Franco Modigliani's Model of limit pricing LRAC is:
    (a) U Shaped   (b) Line parallel to X axis
    (c) L Shaped   (d) Saucer shaped

12. Stock adjustment principle was developed by:
    (a) Leontief   (b) Nerlove
    (c) J.R. Hicks   (d) Taylor

Part B
Very Short Answer Type Questions
Answer Any Five Questions not exceeding one paragraph (5 x 1 = 5 weightage)

13. Explain the features of Oligopoly?
14. Distinguish between risk pooling and risk spreading?
15. Explain linear expenditure system?
16. Distinguish between co-operative and Non co-operative game?
17. Define collusive and non-collusive oligopoly?
18. Explain risk aversion and insurance?
19. Explain Nash equilibrium?
20. Examine the different type of price leadership?

Part C
Short Answer Type Questions
Answer Any Eight Questions not exceeding one page (8 x 2 = 16 weightage)

21. State and explains snob, Bandwagon and Veblen effects.
22. Examine Sweezy's kinked demand curve model.
23. Elucidate Chamberlin's oligopoly model.
24. Explain learning curve.
25. Examine economies of scope
26. Explain Friedman Savage hypothesis.
27. Why cost curves are 'U' shaped? Explain with help of diagram.
28. Briefly explain the Sylos - Labini limit pricing theory.
29. Explain prisoner's dilemma.
30. Explain the model developed on basis of dynamic versions of demand functions.
31. Explain Williamson's model.

Part D
Essay Type Questions
Answer Any Three Questions not exceeding three pages (3 x 4 = 12 weightage)

32. Briefly explain the recent developments in demand theory.
33. Critically examine classical model of oligopoly.
34. Explain Bain's limit pricing theory.
35. Critically examine Neumann – Morgenstern hypothesis.
36. Explain economies of scale and economies scope.

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