17P130 (Pages:3) Name: .....

Reg. No.....

FIRST SEMESTER M.A. DEGREE EXAMINATION, DECEMBER 2017

(Regular/Supplementary/Improvement)

(CUCSS-PG)

CC15PECO1 C01 – MICRO ECONOMICS: THEORY AND APPLICATIONS -I

(Economics)

(2015 Admission onwards)

Time: Three Hours Maximum: 36 Weightage

PART A

(Objective Type Questions)

Answer ***all*** questions. Each question carries ¼ weightage.

1. In a CES production function the elasticity of substitution is always:

   a) -1 b) > 1 c) < 1 d) constant

2. A situation where there is more than one possible outcome to a decision and the probability of each specific outcome is known

   a) risk b) strategy c) variability d) expected value

3. A curve shows the various combinations of two inputs that the firm can hire with a given total cost outlay

   a) isoquant b) isocost line c) ridge line d) budget line

4. A table that shows the possible outcomes or results of each strategy under each state of

   a) payoff matrix b) payee matrix c) parallel matrix d) pay matrix

5. Bernoullis hypothesis holds that individual takes decision under risky and uncertain decisions on the basis of :

   a) expected monetary value b) expected utility

   c) both expected utility and monetary value d) marginal utility of money

6. Production should be defined as :

   a) creation of utility b) creation of value

   c) creation of want stratifying goods and services d) all of these

7. The maximum amount of money that a risk averse person will pay to avoid taking a risk

   a) risk premium b) risk loving c) risk neutral d) risk aversion

8. The isoquant shows the perfect substitutability between factors of production

   a) convex isoquant b) input-output isoquant

   c) linear programming isoquant d)linear isoquant

9. Stock adjustment principle was developed by

   a) leontieff b) Nerlove c) J R Hicks d) Taylor

Turn over

10. An example of past behaviour create a habit

a) buying a scooter b) buying a shirt c) buying cigarette d) buying pen

11. Total fixed cost divided by output

a) AFC b) AVC c) ATC d) TVC

12. Being indifferent between a certain income and an uncertain income with the same expected value is called :

a) risk loving b) risk averse c) risk neutral d) none of the these

(12 x ¼ = 3 weightage)

PART B

(Very Short Answer Type Questions)

Answer any ***five*** questions. Each question carries 1 weightage.

13. What do you meant by cartels?
14. Define objective and subjective probability
15. Distinguish between risk pooling and risk spreading.
16. Distinguish between subsistence income and supernumerary income
17. Distinguish between zero sum game and non zero sum game.
18. What do you meant by Ridge Lines?
19. Verify the linear homogenous production function with 'K' constant Factor.
20. Distinguish between durable and non durable commodities with examples.

(5 x 1 = 5 weightage)

PART C

(Short Answer Type Questions)

Answer any ***eight*** questions. Each question carries 2 weightage.

21. Write a short note on Markowitz hypothesis.
22. State and explain Bandwagon and Veblen effect.
23. How the Nash equilibrium is related to cournot model, Explain.
24. Explain the different preferences towards risk.
25. Explain the models developed on the basis of dynamic versions of demand functions
26. Discuss the theory of sales revenue maximization developed by Baumol.
27. How the firms in oligopoly market make their strategy, explain with prisoner's dilemma.
28. Explain the kinked demand curve model of sweezy.
29. Explain the constant elasticity demand function.
30. Explain the Bain's limit pricing theory.

31. Briefly explain the collusive strategies used by the oligopoly firms

(8 x 2= 16 weightage)

PART D

(Essay Type Questions)

Answer any ***three*** questions. Each question carries 4 weightage.

32. Explain how one can use choice under risk and uncertainty in the choice of investment portfolio
33. Examine the properties of Cobb Douglas Production Function.
34. Evaluate the recent developments in demand theory.
35. Evaluate the limit-pricing theories recently developed after the Bain's theory
36. Discuss the different non collusive models in oligopoly.

(3 x 4 = 12 Weightage)

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