18U148 (Pages: 2) Name: ………………………..

FIRST SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2018
(Regular/Supplementary/Improvement)
(CUCBCSS-UG)
CC15U ECO1 B01 – MICRO ECONOMICS
(Economics-Core Course)
(2015 Admission onwards)

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 services
   c) The price of economic resources   d) all of the above

2. When the price of a substitute of commodity X falls, when the demand for X;
   a) Rises   b) Falls
   c) Remains unchanged   d) Any of these

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

4. Stage II of production begins where the AP_L begins to decline;
   a) Always   b) Sometimes   c) Never   d) often

5. When the price elasticity of demand is 2, then an increase in price can;
   a) Increase sales   b) Decrease sales
   c) Sales will remain same   d) None of the above

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

7. A consumer can get maximum satisfaction where the _____ are same
   a) TU and NU   b) Price and MU   c) Price and T U   d) both b and c

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

9. The Engel curve for a giffen good is_____
   a) Upward sloping   b) Downward sloping
   c) Upward then downward   d) Parallel line

10. Increase in demand for wages due to industrial development is an example of _____
    a) Income demand   b) Cross demand   c) Derived demand   d) Competitive demand

11. The study of what is as how the economic problems facing a society are actually solved
    a) Positive economics   b) Normative economics
    c) Inductive economics   d) Deductive economics

12. When income elasticity of demand is greater than unity, the commodity is _____
    a) Necessity   b) Complementary good
    b) Luxury   d) Inferior goods   **(12 x ½ = 6 Marks)**

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

13. Distinguish between inductive and deductive methods.
14. Describe Arc elasticity.
15. What is Engel's law?
16. What is the Giffen paradox?
17. What is Iso-cost line?
18. What do you mean by Elasticity of Substitution?
19. What is value judgment?
20. Distinguish between extension and contraction in demand.
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 x 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. Explain any two methods of measuring price elasticity of demand.
27. Elucidate Hicksian method of measuring consumer's surplus.
28. Explain revealed preference theory.
29. State and criticize the law of variable proportions.
30. Explain properties of indifference curve.
31. Why does the demand curve slopes downward to the right?
32. Explain consumer equilibrium based on cardinal utility approach.   **(6 x 5 = 30 Marks)**

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

33. How do you explain the equilibrium of the producer using Isoquants?
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 how far indifference curve analysis is an improvement over the marshallian utility analysis.   **(2 x 12 = 24 Marks)**

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