

20P125

(Pages: 3)

Name: .....

Reg. No.....

**FIRST SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2020**

(CBCSS-PG)

(Regular/Supplementary/Improvement)

**CC19P ECO1 C01 – MICRO ECONOMICS: THEORY AND APPLICATIONS - I**

(Economics)

(2019 Admission onwards)

Time: Three Hours

Maximum: 30 Weightage

**Part A**

Answer *all* questions. Each question carries 1/5 weightage.

1. Kinked demand curve model is put forward by \_\_\_\_\_  
a) J. R. Hicks      b) J. M. Keynes      c) Nicholas Kaldor      d) Paul M. Sweezy
2. The Average Fixed Cost Curve is a \_\_\_\_\_  
a) rectangular hyperbola      b) Straight line  
c) Horizontal      d) Vertical
3. The elasticity of substitution between K and L in CES production function is equal to \_\_\_\_\_  
a)  $\frac{1}{1+\beta}$       b)  $\frac{1}{1-\beta}$       c)  $\frac{1}{\beta}$       d)  $\frac{1}{\beta}$
4. The economist not associated with dynamic demand functions.....  
a) Houthakkar      b) Taylor      c) Richard Stone      d) Von Neumann
5. In the Kinked demand curve theory the upper portion of the demand curve above the kink is \_\_\_\_\_  
a) More elastic      b) Less elastic      c) Horizontal      d) Vertical
6. Bandwagon effect is a case of \_\_\_\_\_ externality  
a) Positive      b) Non feasible      c) Negative      d) All the above
7. \_\_\_\_\_ deals with group of commodities between which substitution is not possible  
a) Indifference curve      b) Linear expenditure System  
c) Production possibility curve      d) Price line
8. The demand curve under Veblen effect is \_\_\_\_\_  
a) Downward sloping      b) upward rising  
c) Horizontal      d) Vertical
9. \_\_\_\_\_ Hypothesis asserted that marginal utility of money income is not related to the absolute levels of income but to changes in the level of money income  
a) Bernoulli's      b) N-M utility index      c) Friedman -Savage      d) Markowitz

10. The upper segment of the kinked demand curve is \_\_\_\_\_  
 a) Elastic                      b) Inelastic                      c) Constant                      d) None
11. C-D production function is a \_\_\_\_\_ production function  
 a) Non linear    b) Linear homogenous  
 c) Polynomial    d) All the above
12. LAC is also called \_\_\_\_\_ Curve  
 a) Envelope                      b) Linear                      c) Both a and b                      d) None of the above
13. A theory of consumer demand which emphasized upon the attributes or characteristics embodied in it is put forward by \_\_\_\_\_  
 a) Alfred Marshall                      b) Richard Stone                      c) Kelvin Lancaster                      d) Daniel Bernoulli
14. Stakelberg's duopoly model is an extension of \_\_\_\_\_ model  
 a) Cournot's                      b) Bertrand's                      c) Edgeworth's                      d) All the above
15. A specific course of action adopted by a firm or player in game theory is known as \_\_\_\_\_  
 a) Pay off                      b) Strategy                      c) Pay off Matrix                      d) Both a and c

(15 x 1/5 = 3 Weightage)

**Part B** (Very short answer Type)

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

16. What is a learning curve?
17. Define Linear Expenditure System.
18. Define fixed proportion production function.
19. What is Barometric price leadership?
20. Write a note on Externalities.
21. Define Cost function and what are its features?
22. What do you mean by Bandwagon effect?
23. Explain Markowitz hypothesis.

(5 x 1 = 5 Weightage)

**Part C** (Short answer Type Questions)

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

24. Write a note on Elasticity of substitution.
25. Explain CES Production function.
26. Briefly explain Bernoulli's hypothesis.
27. Explain characteristic approach to demand function.
28. Write a short note on Neumann-Morgenstern utility index.

(2)

29. What do you mean by Snob effect?
30. Explain Prisoners Dilemma and Nash equilibrium.
31. What are the properties of CES production function?
32. Explain Houthakker and Taylor's Stock adjustment model.
33. Point out the main cost minimizing input choices.

(7 x 2 = 14 Weightage)

**Part D** (Essay Questions)

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

34. What do you mean by C D Production function? Explain its basic features.
35. Diagrammatically explain and compare Cournot and Bertrand non collusive models of oligopoly?
36. Write an essay on dynamic version of demand theory?
37. Compare Friedman-Savage and Markowitz hypothesis.

(2 x 4 = 8 Weightage)

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(3)