21P125 (Pages: 3) Name: ……………….………

Reg. No: ………………..…...

FIRST SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2021

(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 weightage.

1. In Bernoulli’s view the marginal utility of money diminishes as:

   (a) Income rises (b) Income decreases (c) Price rises (d) Price decreases

2. If a person's utility doubles when their income doubles, then that person is risk

   (a) Risk loving (b) Risk neutral (c) Risk averse (d) None of the these

3. A situation in which a decision maker must choose between strategies that have more than one possible outcome when the probability of each outcome is unknown is referred to as

   (a) Diversification (b) Certainty (c) Risk (d) Uncertainty

4. Bandwagon effect is an example of:

   (a) Negative externality (b) Positive externality

   (c) Both (d) none of these

5. The ‘habit-creation principle’ has been developed by:

   (a) Stone and Nerlove (b) Houthakker and Taylor

   (c) Keynes (d) Markowitz

6. The earliest linear expenditure models was suggested by:

   (a) R. Stone (b) Neuman (c) Bernoulli (d) Markowitz

7. The law of diminishing returns applies to:

   (a) The short run (b) The long run

   (c) Both the short run and the long run (d) Neither the short run nor the long run

8. In the case of a linear homogeneous production function, the expansion path is always:

   (a) a horizontal straight line (b) a straight line through the origin

   (c) a vertical straight line (d) Downward sloping straight line

9. The AFC curve is:
   (a) The rectangular hyperbola (b) Downward sloping curve
   (c) Downward sloping straight line (d) U shaped curve
10. According to Cournot model behaviour pattern of firms is :
   (a) Rational (b) Naïve (c) Careful (d) None of the above
11. OPEC is an example of:
   (a) Cartel (b) Price leadership
   (c) Bilateral Monopoly (d) Oligopoly
12. The kinked demand curve as a tool of analysis was originated by:
   (a) Chamberlin (b) Sweezy (c) Hall and Hitch (d) Cournot
13. A game in which the gain of one player is exactly equal to the loss of the other player is called:
   (a) non zero sum game (b) zero sum game
   (c) positive zero sum game (d) negative zero sum game
14. Game theory was introduced by:
   (a) Oscar Lange (b) Samuelson
   (c) Stonier and Hauge (d) Neumann and Oskar Morgenstern
15. In this type of game binding contracts are not possible
   (a) co operative game (b) non co operative game
   (c) Strategic game (d) None of the above

(15 × 1/5 = 3 Weightage)

Part B (Very Short Answer Questions)

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

16. What is St. Petersburg paradox?
17. What is Snob effect?
18. What do you mean by Constant elasticity of demand function?
19. What is returns to scale?
20. What is economies of scale?
21. Define Oligopoly
22. Define dominant strategy
23. What do you mean by Nash Equilibrium?

(5 × 1 = 5 Weightage)

Part C (Short Answer Type Questions.)

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

24. Explain Friedman savage hypothesis.
25. Explain the different preferences toward risk.
26. Write a note on Bandwagon effect.
27. Briefly analyze Linear Expenditure System.
28. Discuss the Law of Variable Proportions
29. Explain the properties of C-D production function
30. Explain Chamberlin's oligopoly model
31. Describe Barometric Price Leadership
32. Discuss in detail the Prisoner's Dilemma
33. What is the difference between a cooperative game and non cooperative game? Give an example of each.

(7 × 2 = 14 Weightage)

Part D (Essay Questions.)

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

34. Critically evaluate the Neuman-Morgenstern Utility Index.
35. Discuss the Pragmatic Approach to the theory of demand.
36. Discuss the traditional and modern theory of cost curves.
37. Explain the Kinked Demand Curve model of Sweezy.

(2 × 4 = 8 Weightage)

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