

18P125

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Name:

Reg. No.....

FIRST SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2018

(Regular/Supplementary/Improvement)

(CUCSS-PG)

CC15P ECO1 C01 – MICRO ECONOMICS: THEORY AND APPLICATIONS - I

(Economics)

(2015 Admission Onwards)

Time: Three Hours

Maximum: 36 Weightage

Part A

Answer *all* questions. Each question carries $\frac{1}{4}$ weightage.

1. Which of the following is *incorrect* with respect to the new approach to consumer demand theory?
 - (a) Characteristics give rise to utility
 - (b) An attribute is possessed by more than one good
 - (c) Good possess more than one attribute
 - (d) Consumer's equilibrium is shown in good
2. Which of the following is *not* a lagged-demand model?
 - (a) Stock-adjustment principle
 - (b) Habit Creation principle
 - (c) Constant-elasticity demand
 - (d) Linear Expenditure System
3. Which of the following is a better measure of risk?
 - (a) Probability
 - (b) Deviation
 - (c) Standard Deviation
 - (d) Expected Value
4. When Marginal product is negative:
 - (a) Total product is increasing
 - (b) Average product is increasing
 - (c) Total product is declining
 - (d) Total product is maximum
5. Which of the following is *correct* with respect to durable goods?
 - (a) Short-run demand is more price elastic
 - (b) Short-run demand is less price elastic
 - (c) Long-run demand is more price elastic
 - (d) Past purchases reflect a habit
6. If increase in output is more than proportional to increase in input:
 - (a) Constant returns
 - (b) Decreasing returns
 - (c) Increasing returns
 - (d) None of the above
7. All the following traditional cost curves are U-shaped except:
 - (a) AC
 - (b) MC
 - (c) AFC
 - (d) AVC

8. In Bertrand's duopoly model, price is equal to
 (a) monopoly price (b) competitive price
 (c) above monopoly price (d) above competitive price
9. Isoprofit curves are ----- to the price axis.
 (a) convex (b) concave (c) parallel (d) horizontal
10. Price rigidity is the basis of ----- model.
 (a) Sweezy's (b) Cournot's (c) Bertrand's (d) Chamberline's
11. Chagrin effect is a term coined by:
 (a) Sylos-Labini (b) Modigliani (c) Bain (d) Bhagawati
12. Which of the following is *correct* with respect to a risk loving person?
 (a) Utility curve is convex or faces up (b) Utility curve is concave or faces down
 (c) Utility curve is a strait line (d) Utility curve is U-shaped

(12 x ¼ = 3 Weightage)

Part B

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

13. Risk Aversion
 14. Veblen Effect
 15. Learning Curve
 16. Mergers
 17. Limit price
 18. Nash Equilibrium
 19. Stock-adjustment principle
 20. St. Petersburg Paradox

(5 x 1 = 5 Weightage)

Part C

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

21. How Bandwagon effect differs from Snob effect?
 22. Explain the Kinked demand curve model to explain price rigidity in oligopoly markets.
 23. How short run and long run cost curves differ under the modern theory of costs.
 24. Explain the relevance of Neumann-Morgenstern Hypothesis.
 25. Compare and contrast the duopoly models of Cournot and Bertrand.
 26. How consumer equilibrium is portrayed under the characteristics theory of demand?
 27. Explain the concepts of risk pooling and risk spreading from the point of view of insurance.

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28. Write a short note on engineering costs.
 29. Explain the various measures of risk.
 30. Explain the different types of price leadership models.
 31. Explain the contribution of Williamson to the managerial theory of the firm.

(8 x 2 = 16 Weightage)

Part D

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

32. Explain the contribution of Bain to the theory of limit pricing.
 33. Compare and contrast the managerial theories of the firm by Baumol and Marris.
 34. Enumerate the significance of Game Theory in economic analysis through the different types of games.
 35. What are the similarities and differences among the utility theories under uncertainty of Friedman-Savage, Markowitz and Bernoulli.
 36. Elucidate the properties of Cobb-Douglas Production Function. In what respect it differs from CES Production Function.

(3 x 4 = 12 Weightage)

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