

19U137A

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Name: .....

Reg. No.....

**FIRST SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2019**

(Supplementary/Improvement)

(CUCBCSS-UG)

**CC15U ECO1 B01 – MICRO ECONOMICS**

(Economics-Core Course)

(2015 to 2018 Admissions)

Time: Three Hours

Maximum: 80 Marks

**Section A (Objective Type Questions)**

Answer *all* questions. Each question carries ½ mark.

1. Perfectly horizontal demand curve has price elasticity of -----  
a) Zero                      b) One                      c) Infinite                      d) Greater than zero
2. The concavity of the indifference curve implies the  $MRS_{xy}$   
a) Increases                      b) Falls  
c) Remains unchanged                      d) Any of these
3. In the case of giffen 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. Scarcity definition of economics is given by  
a) Adam Smith                      b) Lionel Robins                      c) Marshall                      d) Keynes

Fill in the blanks:

7. The term consumer surplus was coined by \_\_\_\_\_
8. Strong ordering implies a \_\_\_\_\_ ordering.
9. The Engel curve for a neutral good is \_\_\_\_\_
10. The cross elasticity between two substitute goods is \_\_\_\_\_
11. The inductive method is also called \_\_\_\_\_
12. When income elasticity of demand is greater than unity, the commodity is \_\_\_\_\_

**(12 x ½ = 6 Marks)**

**Section B** (Very Short Answer Type Questions)

Answer any *ten* questions not exceeding one paragraph. Each question carries 2 marks.

13. Define Budget Line
14. What is Giffen Paradox?
15. What is Engel's law?
16. Write a note on cross elasticity of demand
17. What is Iso-cost line?
18. What do you mean by Elasticity of Substitution?
19. What is positive economics?
20. What is Ridge lines and economic region of production?
21. State and explain 'revealed preference axiom'.
22. What is an expansion path?
23. What is price consumption curve?
24. What is an Inferior good? How it is different from normal good?

**(10 x 2 = 20 Marks)**

**Section C** (Short Answer Type Questions)

Answer any *six* questions not exceeding one page. Each question carries 5 marks.

25. What are the different types of Isoquants?
26. Explain the methods of measuring price elasticity of demand.
27. What are the uses and applications of Indifference curve?
28. Explain revealed preference theory.
29. State and criticize the law of variable proportions.
30. Explain Cobb-Douglas production function.
31. State the principle of Equi-marginal utility. What are the important limitations of this law?
32. What is Law of Demand? What are the exceptions to the law of demand?

**(6 x 5 = 30 Marks)**

**Section D** (Essay Type Questions)

Answer any *two* questions not exceeding three pages. Each question carries 12 marks.

33. State and explain the law of diminishing marginal utility. What are its limitations?
34. Compare Hicks and Slutsky approach to the measurement of income and substitution effect.
35. Compare indifference curve analysis of demand with Marshallian Cardinal utility analysis. Which do you think is superior?
36. How do you explain the equilibrium of the producer using Isoquants?

**(2 x 12 = 24 Marks)**

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