



Reg. No. : .....

Name : .....



**I Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)**  
**Examination, November 2014**  
**(2010-2013 Admn.)**  
**ECONOMICS**  
**Paper – I : Micro-Economics Part – I**

Time: 3 Hours

Max. Marks : 80

## PART – A

(Objective Type). Attempt all.

1. Some consumers demand for a product increases as the popularity of the good increases. This effect is called
 

a) Snob effect	b) Bandwagon effect
c) Veblen effect	d) Pigou effect
2. The "Theory of Second Best" was propounded by
 

a) Marx and Engels	b) Higgins and Nerlove
c) Lipsey and Lancaster	d) Neumann and Morgenstern
3. In the Leontief type input-output production function, the value of elasticity is
 

a) zero	b) less than one
c) greater than one	d) unity
4. Cournot's duopoly model leads to a
 

a) stable equilibrium	b) Dynamic equilibrium
c) Series of equilibrium	d) Market equilibrium
5. A linear isoquant assumes
  - a) Perfect substitutability of factors of production
  - b) Perfect complementarity of factors of production
  - c) Zero substitutability of factors of production
  - d) All the above



6. Estimating future demand on the basis of past data is called
- Demand estimation
  - Demand determinants
  - Demand forecasting
  - Demand elasticity
7. The indifference technique is based on
- strong ordering preference
  - rational choice
  - introspective method
  - weak ordering preference
8. The "Habit creation principle" was developed by
- Houthakker and Taylor
  - Stonier and Hague
  - Menger and Walras
  - Hicks and Allen
9. Under fair gamble, the expected return is
- one
  - greater than one
  - equal
  - zero
10. A certainty equivalent is
- expected sum of money
  - expected loss of money
  - sure sum of money
  - expected gain of money
- (10×1=10)**

## PART – B

Answer **any eight** questions :

- What an indifference map ?
- What do you mean by "Value Judgements" in Economics ?
- Explain the state preference theory.
- Give a brief note on Sweezy's kinked demand model.
- Critically evaluate "Market Signaling and Incentives".
- Explain efficiency wage theory.
- What is production possibility curve ? Explain its role in resource utilization.
- What do you mean by "Simplex Method" ?
- Explain about inter temporal choice and inter temporal budget constraint.



- Explain fixed coefficient production function.
  - Give a brief note on "Market for Lemon's".
- (8×3=24)**

## PART – C

Answer **any four** questions.

- Explain the practical significance of input-output analysis in economics.
  - Give an account about "Inductive Method", "Deductive Method" and "Introspection" in Economics.
  - Explain Friedman-Savage Hypothesis.
  - Discuss about utility functions, probability distribution and expected utility.
  - Give a brief account about household portfolio decisions under conditions of uncertainty.
  - Explain capital-deepening technical progress and labour – deepening technical progress.
- (4×5=20)**

## PART – D

Answer **any two** questions.

- Give a detailed account about laws of returns to scale based on long run analysis of production.
  - What is "Mark up Rule". Explain price determination and mark up rule. Distinguish between average cost pricing and marginal cost pricing.
  - What is linear programming ? What are the significances, applications and limitations of linear programming.
  - What do you mean by asymmetric information ? Explain the situations at which market fails. Also bring out Akevflof's "Model of Lemons".
- (2×13=26)**