M 26665

Reg. No. : ....

Name : ....

I Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.) Examination, November 2014
(2014 Admn. under CBSS)
ECONOMICS/DEVELOPMENT ECONOMICS/APPLIED ECONOMICS
ECO1C01 : Micro Economic Theory – I

Time: 3 Hours   Max. Marks : 60

Instructions : *1) Answer **all** questions in Part – **A**. **All** questions carry **equal** marks.*

*2) Answer **any eight** questions in Part – **B**. **Each** question carries **two** marks. No answer should exceed **one** page.*

*3) Answer **any four** questions in Part – **C**. **Each** question carries **five** marks. No answer should exceed **two and half** pages.*

*4) Answer **any two** questions in Part – **D**. **Each** question carries **10** marks. No answer should exceed **six** pages.*

PART – A

1. The basic proposition of the ___________ to uncertainty is that commodities can be differentiated not only by their physical properties and location in space and time but also by their location in state.

   a) Risk and uncertainty   b) State-preference approach

   c) Utility   d) Indifference

2. Hypothesis concerning people's preferences with regard to choices that have uncertain outcomes is called

   a) Preference   b) Indifference

   c) Expected utility   d) Mean variance

3. Axioms of the expected utility theory that define a rational decision maker are

   a) Completeness, transitivity, independence and continuity

   b) Preference and expected utility

   c) Indifference and satisfaction

   d) None of this

P.T.O.

4. The indifference map of a Linear Expenditure system implies __________ of group of commodities.
   a) Perfect substitutability b) Non substitutability
   c) Perfect elasticity d) None of these

5. Who developed the Weak Ordering approach to theory of demand ?
   a) P. A. Samuelson b) J. R. Hicks
   c) Alfred Marshall d) A. C. Pigou

6. The slope of the indifference curve is determined by
   a) MRS b) MRTS c) P_x/P_y d) Mux/MUY

7. The basic postulate underlying the __________ model is that past behaviour hasan influence on current decisions.
   a) Houthakker and Taylor Model
   b) Hicks and Allen Model
   c) Jack Hirshleifer and David Hirshleifer
   d) P. A. Samuelson

8. In Constant Elasticity Demand Function
   a) Elasticity of variable will be equal to its exponent
   b) Elasticity of the variable will not be equal to its exponent
   c) Elasticity of the variable is infinite
   d) None of these **(8× ½ =4)**

PART – B

9. Distinguish between risk aversion and risk preference.
10. What is N-M utility index ?
11. What are the benefits of risk diversification ?
12. How risk is measured ?
13. What is attribute approach to law of demand ?

14. What is intertemporal budget constrain ?
15. What is constant elasticity function ?
16. What is CES production function ?
17. Explain simplex method.
18. Distinguish between collusive and non collusive oligopoly.
19. What is Winner's curse ? **(8×2=16)**

PART – C

20. Explain Friedman-Savage hypothesis.
21. What is mean variance analysis ?
22. What is linear expenditure system ?
23. Explain the equilibrium of the multiproduct firm.
24. Explain kinked demand curve model.
25. Explain principal agent problem. **(4×5=20)**

PART – D

26. Explain state preference approach.
27. What are the applications of input output analysis ?
28. Explain efficiency wage theory.
29. What are the properties of Cob Douglas production function ? **(2×10=20)**

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