PART-D

Answer any **Two** questions. Each question carries **10** marks. No answer should exceed **6** pages.   **(2×10=20)**

26. Explain asymmetric information. Comment on asymmetric information in labour markets

27. Give an account on pragmatic approach to demand analysis.

28. Analyse the interdependence among different sectors of the economy with the help of input -output analysis

29. Critically examine Cournot's duopoly model

ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS
ECO1C01: MICRO ECONOMIC THEORY-I

Time : 3 Hours   Max. Marks : 60

PART - A

Answer **All** questions. All questions carry **equal** marks.   **(8×½=4)**

1. The linear expenditure system introduced by:
   a) Nerlove
   b) Houthakker
   c) Richard Stone
   d) Roy C Geary

2. A cartel that works perfectly will replicate the:
   a) Monopoly price output combination
   b) Competitive price output combination
   c) Perfectly competitive price output combination
   d) Oligopoly price output combination

3. Standard form of a linear programming problem consist of:
   a) A linear function to be maximized or minimized
   b) Problem constraints
   c) Non-negative variables
   d) All the above

P.T.O.

4. When $\alpha + \beta = 1$, then Cobb- Douglas production function exhibits:
   a) Constant returns to scale
   b) Decreasing returns to scale
   c) Increasing returns to scale
   d) First decreasing and then increasing returns to scale

5. Which of the following is an imperfect form of collusion?
   a) Cartel
   b) Price Leadership
   c) Both A and B
   d) None of these

6. With reference to the Edgeworth model, determine which of the following statements is correct:
   a) The duopolists recognize their interdependence
   b) it explains price rigidity
   c) Each duopolist assumes the other keeps its quantity constant
   d) Each duopolist assumes the other keeps its price constant

7. Identify the correct statement about the input output analysis:
   a) input-output technique was invented by Wassily W. Leontief
   b) It is a technique to explain the general equilibrium of the economy.
   c) It assumes absence of external economies and diseconomies of production
   d) All the above

8. Neumann-Morgenstern utility function arises from:
   a) Total utility hypothesis
   b) Marginal utility hypothesis
   c) Expected utility hypothesis
   d) Revealed preference hypothesis

PART - B

Answer any **Eight** questions. Each question carries **2** marks. No answer should exceed one page.   **(8×2=16)**

9. What do you mean by winner's curse?

10. Define an objective function

11. What do you mean by multi product firm?

12. What do you mean by market signaling?

13. What is meant by Expected Utility Theory?

14. Define risk aversion

15. Explain barometric price leadership

16. What is elasticity of substitution?

17. What is moral hazard?

18. Define duopoly

19. What is production possibility curve?

PART - C

Answer any **Four** questions. Each question carries **5** marks. No answer should exceed 2½ pages.   **(4×5=20)**

20. Explain the properties of Cobb-Douglas production Function.

21. Explain the Hick's logical ordering theory of demand

22. Differentiate between cartels aiming at joint profit maximization and cartels aiming at the sharing of market.

23. Explain linear homogeneous production function.

24. Examine the quality uncertainty and the market for 'lemons'.

25. Explain the Neuman-Morgenstern method of constructing utility index.