



M 7685

Reg. No. : .....

Name : .....

I Semester B.A. Degree (CCSS – Supple./Improv.)  
Examination, November 2014  
(2012 and 13 Admn.)  
CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS  
1B01 ECO : Micro Economic Analysis – I

Time : 3 Hours

Max. Weightage : 30

PART – A

Objective type questions (in bunches of **two**).

I. Choose the correct answer :

1. When economic theory prescribes an event or policy action, it is called
  - a) Positive theory
  - b) Normative theory
  - c) Both positive and normative
  - d) None of the above
2. Which of the following is the main characteristic of perfect competitive market ?
  - a) Homogeneity of the product
  - b) Free entry and exit of the firms
  - c) Perfect knowledge of the economy
  - d) All the above
3. When total utility falls, marginal utility becomes
  - a) Positive
  - b) Negative
  - c) Zero
  - d) Remains constant
4. The demand function in the rice market is  $QD = 28 - 2p$ , the supply function is  $QS = 4 + 4p$ . The equilibrium price and quantity are
  - a)  $P = 8, Q = 10$
  - b)  $P = 4, Q = 20$
  - c)  $P = 16, Q = 5$
  - d)  $P = 2, Q = 40$

(Weightage 1)

P.T.O.



- II. 5. The indifference curve approach was developed by
- a) Marshall and Pigou                      b) Hicks and Hanson  
c) Hicks and Allen                          d) J. M. Keynes
6. The slope of the iso-cost line shows
- a)  $-dx/dy$                                       b)  $-dx/dL$   
c)  $px/py$                                         d)  $w/r$
7. If the quantity demanded remains unchanged as its price changes, the coefficient of price elasticity of demand is
- a) greater than 1                              b) equal to 1  
c) smaller than 1                              d) zero
8. The Slope of TC is
- a) AC    b) AVC  
c) AFC     d) MC
- (Weightage 1)

## PART – B

Short answer questions. Answer **any ten** questions. **Each** question carries 1 weightage.

9. What is production possibility curve ?
  10. What is Engel curve ?
  11. What is comparative statics ?
  12. Distinguish between individual demand and market demand.
  13. What is cross elasticity of demand ?
  14. Distinguish between normal and inferior goods.
  15. Why does the demand curve slopes downward ?
  16. Explain production function.
  17. What is meant by economies of scale ?
  18. What is ridge line ?
  19. Explain the relationship between MC and AC.
  20. What is opportunity cost ?
- (Weightage 10×1=10)



## PART – C

Short essay. Answer **any five** questions. **Each** question carries 2 weightage.

21. What makes monopoly different from monopolistic competition ?
  22. Explain consumer's equilibrium under cardinal utility analysis.
  23. Examine Marshallian concept of consumer's surplus.
  24. 'Price effect is a combination of income effect and substitution effect'. Explain with the help of diagram.
  25. What is isoquant ? What are the different types of isoquant ?
  26. Explain the different concepts of costs.
  27. Explain how long run average cost curve (envelop curve) is derived graphically.
- (Weightage 5×2=10)

## PART – D

Long essay. Answer **any two** questions. **Each** question carries 4 weightage.

28. Examine in detail the 'Revealed Preference Theory' as a major breakthrough in the theory of demand.
  29. Explain the indifference curve analysis of consumer behavior.
  30. What are the features of Linear expenditure system ?
  31. Explain producer's equilibrium with least cost combination of isoquant-iso-cost analysis. How producer expand his volume of output ?
- (Weightage 2×4=8)