



Reg. No. :

Name :

I Semester B.A. Degree (C.C.S.S. – Supple./Improve.) Examination,
November 2016

CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS
1B01 ECO : Micro Economic Analysis – I
(2011 and Earlier Admn.)

Time : 3 Hours

Max. Weightage : 30

PART – A

Objective Type Questions (in bunches of two) :

I. Choose the correct answer : (Weightage 1)

- 1) Consumer surplus is the difference between
 - a) Actual price and the price which the consumer is willing to pay
 - b) Prices in different markets
 - c) Prices of different commodities
 - d) Consumers demand
- 2) 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
- 3) When total utility falls, marginal utility becomes ?
 - a) Positive
 - b) Negative
 - c) Zero
 - d) Remains constant



- 4) If elasticity of demand is zero, an increase in price leads to
- Increase in quantity demanded
 - Decrease in quantity demanded
 - No change in quantity demanded
 - None of the above
- II. 5) The indifference curve approach was developed by **(Weightage 1)**
- Marshall and Pigou
 - Hicks and Hanson
 - Hicks and Allen
 - J.M. Keynes
- 6) The demand function of a commodity is $DQ = 20 - 3p$, if the commodity becomes a free good, the quantity demanded will be
- 17 units
 - 60 units
 - 3 units
 - 20 units
- 7) If the quantity demanded remains unchanged as its price changes, the coefficient of price elasticity of demand is
- Greater than 1
 - Equal to 1
 - Smaller than 1
 - Zero
- 8) The Slope of TC is
- AC
 - AVC
 - AFC
 - MC

PART – B

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

- What is comparative statics ? 1
- State the properties of Indifference Curve. 1
- What is income elasticity of demand ? 1
- What is production possibility curve ? 1
- What is Marginal Rate of Technical Substitution ? 1
- Explain production function. 1



- Explain price consumption curve. 1
- What is meant by economies of scale ? 1
- Distinguish between substitute and complementary goods. 1
- What is an optimum firm ? 1
- What is expansion path ? 1
- What is opportunity cost ? 1

PART – C

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

- What makes monopoly different from monopolistic competition ? 2
- Explain consumer's equilibrium under ordinal utility analysis. 2
- Examine Marshallian concept of consumer's surplus. 2
- 'Price effect is a combination of income effect and substitution effect'. Explain with the help of diagram. 2
- What is isoquant ? What are the different types of isoquant ? 2
- State and explain the Law of variable proportion. 2
- Explain how long run average cost curve (envelop curve) is derived graphically. 2

PART – D

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

- Critically evaluate the marginal utility analysis of consumer behaviour. 4
- Examine in detail the 'Revealed Preference Theory' as a major or breakthrough in the theory of demand. 4
- What are the features of linear expenditure system ? 4
- Explain the derivation of cost functions from production function. 4