



K22P 1510

Reg. No. :

Name :

I Semester M.A. Degree (CBSS – Reg./Sup./Imp.) Examination, October 2022
(2019 Admission Onwards)
Economics/Applied Economics/Dev. Economics)
ECO1C01 : MICRO ECONOMIC THEORY – 1

Time : 3 Hours

Max. Marks : 60

PART – A

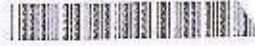
Answer all questions. Each carries ½ mark.

- Probability is sometimes defined as
 - The expected profit of a fair bet
 - The most likely outcome of a given experiment
 - The outcome that will occur on average for a given experiment
 - The relative frequency with which an event will occur
- Demand functions expressing the idea that current demand decisions are influenced by past behaviour is dealt by
 - Static demand function
 - Distributed lag models
 - Linear expenditure systems
 - Quantity constrained models

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- Which of the following is not a basic concept of linear programming ?
 - Optimisation
 - Linearity
 - Easy substitutability with a process
 - Constraints
- Cobb-Douglas production function does not possess the characteristics of
 - Constant returns to scale
 - Unit elasticity of substitution
 - Variable elasticity of substitution
 - Linear homogeneity
- Which of the following is a form of non-price competition ?
 - Advertising
 - Quality of service
 - Product quality
 - All of the above
- A cartel that gives each member exclusive right to operate in a particular geographic area is
 - Market sharing cartel
 - Centralised cartel
 - Price leadership
 - None
- An individual is willing to pay something for information because
 - Information is costly
 - It is always better to know than not to know
 - This allows the individual to increase utility
 - Information is a public good
- The concept of market signalling was first developed by
 - Michael Spence
 - Sidney Alexander
 - Robert Pindyck
 - Akerlof

(8×½=4)



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PART – B

Answer any eight questions. Each carries two marks.

- What is Bernoulli's hypothesis ?
- Distinguish between risk aversion and risk loving.
- What is an efficiency frontier ?
- Distinguish between strong and weak ordering.
- Give the meaning of production function.
- Point out the meaning of CES.
- Write a brief note on Iso revenue curve.
- What is price leadership ?
- Distinguish between collusive and non-collusive oligopoly.
- Give the meaning of moral hazard.
- What is asymmetric information ?

(8×2=16)

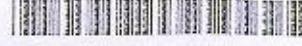
PART – C

Answer any four questions. Each carries five marks.

- With a suitable example, explain gambling as risk taking.
- Briefly explain the indifference curve of attributes.
- Explain the process of constructing a linear programming problem.

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- Brief on Edgeworth's model of oligopoly.
- Explain the efficiency wages model.
- Briefly explain the relation between technical progress and production function.

(4×5=20)

PART – D

Answer any two questions. Each carries ten marks.

- Explain the N-M method of constructing utility index.
- Analyse the Cob-Douglas production function.
- Critically analyse the kinked demand curve model.

- Explain the problem of Lemons with a suitable example.

(2×10=20)