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.

1. Probability is sometimes defined as
   A) The expected profit of a fair bet
   B) The most likely outcome of a given experiment
   C) The outcome that will occur on average for a given experiment
   D) The relative frequency with which an even will occur

2. Demand functions expressing the idea that current demand decisions are influenced by past behaviour is dealt by
   A) Static demand function
   B) Distributed lag models
   C) Linear expenditure systems
   D) Quantity constrained models

P.T.O.

3. Which of the following is not a basic concept of linear programming ?
   A) Optimisation
   B) Linearity
   C) Easy substitutability with a process
   D) Constraints

4. Cobb-Douglas production function does not possess the characteristics of
   A) Constant returns to scale
   B) Unit elasticity of substitution
   C) Variable elasticity of substitution
   D) Linear homogeneity

5. Which of the following is a form of non-price competition ?
   A) Advertising B) Quality of service
   C) Product quality D) All of the above

6. A cartel that gives each member exclusive right to operate in a particular geographic area is
   A) Market sharing cartel B) Centralised cartel
   C) Price leadership D) None

7. An individual is willing to pay something for information because
   A) Information is costly
   B) It is always better to know than not to know
   C) This allows the individual to increase utility
   D) Information is a public good

8. The concept of market signalling was first developed by
   A) Michael Spence B) Sidney Alexander
   C) Robert Pindyck D) Akerlof (8×½=4)

PART – B

Answer **any eight** questions. **Each** carries **two** marks.

9. What is Bernoulli's hypothesis ?
10. Distinguish between risk aversion and risk loving.
11. What is an efficiency frontier ?
12. Distinguish between strong and weak ordering.
13. Give the meaning of production function.
14. Point out the meaning of CES.
15. Write a brief note on iso revenue curve.
16. What is price leadership ?
17. Distinguish between collusive and non-collusive oligopoly.
18. Give the meaning of moral hazard.
19. What is asymmetric information ? (8×2=16)

PART – C

Answer **any four** questions. **Each** carries **five** marks.

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

23. Brief on Edgeworth's model of oligopoly.
24. Explain the efficiency wages model.
25. Briefly explain the relation between technical progress and production function. (4×5=20)

PART – D

Answer **any two** questions. **Each** carries **ten** marks.

26. Explain the N-M method of constructing utility index.
27. Analyse the Cob-Douglas production function.
28. Critically analyse the kinked demand curve model.
29. Explain the problem of Lemons with a suitable example. (2×10=20)