

FIRST SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2018

(CUCSS—PG)

Economics**ECO 1C 01—MICRO ECONOMICS : THEORY AND APPLICATIONS—I**

(2015 Syllabus Year)

Time : Three Hours

Maximum : 36 Weight

Part A*Answer all questions.**Each question carries ¼ weightage.*

1. The Friedman savage hypothesis, the total utility curve :
 - (a) One segment.
 - (b) Two segment.
 - (c) Three segment.
 - (d) Four segment.
2. The C.D. production function has been most extensively used in :
 - (a) Consumption economics.
 - (b) Production.
 - (c) Exchange economics.
 - (d) Welfare economics.
3. The opportunity cost of a factor of production with specific use in :
 - (a) Over high.
 - (b) Infinite.
 - (c) Zero.
 - (d) Constant.
4. The AFC curve always be :
 - (a) The rectangular hyperbola.
 - (b) Downward sloping curve convex to the origin.
 - (c) A downward sloping straight line.
 - (d) A U shaped curve.
5. In Sweezy's model of oligopoly price is :
 - (a) Rigid.
 - (b) Fluctuating.
 - (c) Flexible.
 - (d) Determinate.

6. An impediment that makes it difficult or impossible for a new firm to enter an industry :
- (a) Barriers to entry. (b) Free exit.
(c) Free entry. (d) Hit and run.
7. In full cost pricing theory, price is set according to :
- (a) $P = AVC + GPM$. (b) $P = AC + GPM$.
(c) $P = AVC + GPM = MC$. (d) $P = AVC + GPM + MC$.
8. Difficulties encountered in entering an industry are often referred to as :
- (a) Monopoly. (b) Entry barriers.
(c) Limit barriers. (d) Patents.
9. OPEC is an example of :
- (a) Cartel. (b) Price leader.
(c) Bilateral monopoly. (d) Monopsony.
10. Increasing returns to scale is not caused by :
- (a) Specialization of labour. (b) Marketing economies.
(c) Technical economies. (d) Varying factor proportions.
11. Value and capital was written by :
- (a) Leibenstion. (b) Veblen.
(c) Hicks. (d) Allen.
12. Diversification is the measure of _____.
- (a) Reducing risk. (b) Variability.
(c) Utility. (d) None.

(12 × ¼ = 3 weightage)

Part B

Answer any five questions.

Each question carries 1 weightage.

13. Derive Houthakker's and Taylor's model.
14. Snob effect.
15. Distributed lag model of demand.

16. Saddle point theorem.
17. Why oligopoly is price rigid ?
18. Opportunity cost.
19. Returns to factor.
20. Fixed proportion production function.

(5 × 1 = 5 weightage)

Part C

*Answer any eight questions.
Each question carries 2 weightage.*

21. What is St. Petersburg Paradox ?
22. Briefly explain the Cobb-Douglas Production Function.
23. Discuss F-S hypothesis of modern utility.
24. What is linear expenditure system ?
25. Explain Syloslabini limit pricing.
26. Types of game.
27. Risk pooling and risk spreading.
28. Explain the collusive oligopoly.
29. Explain the bilateral monopoly.
30. How does kink arise in the demand curve for the product of an oligopolies ?
31. Limit pricing model of Franco Modigliani.

(8 × 2 = 16 weightage)

Part D

*Answer any three questions.
Each question carries 4 weightage.*

32. Derive Nerloves model.
33. Discuss Cournot duopoly model.
34. Explain the properties of constant elasticity of production function.
35. Discuss the types of production function.
36. Briefly explain the recent developments in the theory of market demand.

(3 × 4 = 12 weightage)