

D 131136

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Name.....

Reg. No.....

**FIRST SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, NOVEMBER 2025**

(CBCSS)

Economics

ECO 1C 01—MICROECONOMICS : THEORY AND APPLICATIONS—I

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A (Multiple Choice Questions)*Answer all questions.**Each question carries 1/5 weightage.*

1. The short-run production function is represented by a :
 - (a) Total product curve.
 - (b) Marginal product curve.
 - (c) Average product curve.
 - (d) All of the above.
2. The von Neumann-Morgenstern utility function is commonly used to represent :
 - (a) Risk-seeking behaviour.
 - (b) Risk-averse behaviour.
 - (c) Risk-neutral behaviour.
 - (d) None of the above.
3. In a non-collusive oligopoly, firms typically engage in :
 - (a) Price leadership strategies.
 - (b) Joint ventures and strategic alliances.
 - (c) Predatory pricing to drive competitors out of the market.
 - (d) None of the above.
4. In game theory, a player's strategy refers to :
 - (a) Their overall goal in the game.
 - (b) The actions they take in the game.
 - (c) Their level of skill or expertise in the game.
 - (d) None of the above.

Turn over

5. The characteristic approach to demand functions focuses on :
- (a) Individual preferences for specific product characteristics.
 - (b) Changes in prices of substitute goods.
 - (c) Aggregate market demand.
 - (d) None of the above.
6. Increasing returns to scale occur when :
- (a) Output increases more than proportionally to the increase in inputs.
 - (b) Output increases proportionally to the increase in inputs.
 - (c) Output increases less than proportionally to the increase in inputs.
 - (d) None of the above.
7. A convex utility function represents a consumer who is :
- (a) Risk-averse.
 - (b) Risk-seeking.
 - (c) Risk-neutral.
 - (d) None of the above.
8. Compared to a perfectly competitive market, a duopolistic market typically results in :
- (a) Higher consumer surplus.
 - (b) Lower consumer surplus.
 - (c) Equal consumer surplus.
 - (d) None of the above.
9. Which of the following methods is used to predict costs beyond the observed data range ?
- (a) Extrapolation.
 - (b) Interpolation.
 - (c) High-low method.
 - (d) None of the above.
10. A zero-sum game is a game in which :
- (a) The sum of players' payoffs is zero.
 - (b) There are no payoffs involved in the game.
 - (c) One player's gain is equal to another player's loss.
 - (d) None of the above.
11. The state preference approach incorporates individual preferences through a function called the :
- (a) Certainty equivalent function.
 - (b) State preference function.
 - (c) Utility function.
 - (d) None of the above.

12. Economies of scale occur when :
- (a) Marginal cost is decreasing.
 - (b) Marginal cost is increasing.
 - (c) Average cost is decreasing.
 - (d) None of the above.
13. In the constant elasticity demand function, the elasticity coefficient measures the :
- (a) Responsiveness of quantity demanded to changes in price.
 - (b) Responsiveness of price to changes in quantity demanded.
 - (c) Income elasticity of demand.
 - (d) None of the above.
14. The snob effect occurs when consumers :
- (a) Follow the choices and behaviours of others.
 - (b) Exhibit brand loyalty towards a specific product.
 - (c) Seek to differentiate themselves from the mainstream.
 - (d) None of the above.
15. Direct network externalities occur when the value of a product depends on :
- (a) The number of complementary products available in the market.
 - (b) The characteristics of the individual using the product.
 - (c) The number of other individuals using the product.
 - (d) None of the above.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries 1 weightage.

16. Define Duopoly.
17. What are Threats ?
18. What is a Non- cooperative game ?
19. Define Cartels.

Turn over

20. What is meant by returns to scale ?
21. What is the Bandwagon effect ?
22. What are Network externalities ?
23. What is Risk aversion ?

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

*Answer any **seven** questions.*

Each question carries 2 weightage.

24. Enumerate the various forms of price leadership.
25. Discuss the features of Nash equilibrium.
26. What is the role of Technological progress in production process ?
27. What are Fair gambles ?
28. What is meant by the Characteristic approach to demand function ?
29. What are the Sequential games ?
30. Explain the St Petersburg paradox.
31. What is meant by the Cost minimizing input choices ?
32. What is a Non-zero sum game ?
33. What is the implication of a Kinked demand curve ?

(7 × 2 = 14 weightage)

Part D (Essay Type Questions)

*Answer any **two** questions.*

Each question carries 4 weightage.

34. Discuss in detail the significance of Bertrand model.
35. Discuss the salient features of the Fixed proportion production function.
36. Describe the contributions of Houthakker and Taylor to the field of microeconomics.
37. Critically evaluate the Friedman savage hypothesis.

(2 × 4 = 8 weightage)