

D 53902

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Name.....

Reg. No.....

**FIRST SEMESTER P.G. DEGREE EXAMINATION
NOVEMBER 2023**

(CCSS)

Financial Economics

FEC 1C 01—MICRO ECONOMIC THEORY AND POLICY—I

(2022 Admissions)

Time : Three Hours

Maximum : 50 Marks

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

1. The band wagon effect in consumption leads to :
 - a) Positive network externality.
 - b) Negative network externality.
 - c) Either positive or negative network externality.
 - d) Both positive and negative network externality.
2. The locus of points of isoquant where the marginal products of factors are zero forms :
 - a) Product line.
 - b) Expansion path.
 - c) Isoclines.
 - d) Ridge lines.
3. LAC falls continuously, the LMC will lie :
 - a) Below the LAC.
 - b) Above the LAC.
 - c) Same as LAC.
 - d) None of the above.
4. The final equilibrium in Cournot model is at :
 - a) The intersection point of the reaction curve of both firms.
 - b) The leader's reaction curve.
 - c) The follower's reaction curve.
 - d) All the above.

Turn over

5. An outstanding example of imperfect collusion is :

- a) Duopoly.
- b) Cartels.
- c) Price leadership.
- d) Price discrimination.

(5 × 1 = 5 marks)

Part B (Very Short Answer Questions)

*Answer in one **or** two sentences each.*

*Answer any **five** questions.*

Each question carries 1 mark.

- 6. What is Snob effect ?
- 7. What is mixed strategy ?
- 8. Distinguish between explicit cost and implicit cost
- 9. What is elasticity of substitution ?
- 10. What is non zero sum game ?
- 11. Explain Nash equilibrium.
- 12. Define Cartel.
- 13. Framing effects

(5 × 1 = 5 marks)

Part C (Short Answer Questions)

*Answer any **six** questions.*

Each question carries 4 marks.

- 14. Explain and contrast the Nerlove's and Houthakar and Tylor's distributed lag models.
- 15. Explain the constant elasticity demand function.
- 16. Write a note on Cobb-Douglas production function.
- 17. Explain the different types of technical progress.
- 18. Explain briefly the short run and long ran engineering cost curves.
- 19. What are the different types of price leadership ?
- 20. Explain price rigidity under oligopoly based on Sweezy's model.

21. Briefly explain the prisoner's dilemma game with the help of pay off matrix.
22. What are the multiple steps in reasoning ?

(6 × 4 = 24 marks)

Part D (Essay Type Questions)

*Answer any **two** questions.*

Each question carries 10 marks.

23. Cost curves implied by the modern theory of costs are more realistic than those implied by the traditional theories of costs- Examine critically.
24. Explain in detail the different theories of limit pricing.
25. Explain the Non-collusive oligopoly models of Cournot, Bertrand and Chamberlin.
26. What are the limitations to human decision making in behavioural economics ?

(2 × 8 = 16 marks)