

D 72104

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Name.....

Reg. No.....

FIRST SEMESTER P.G. DEGREE EXAMINATION, NOVEMBER 2019

(CCSS)

Economics

ECO 1C 01—MICROECONOMIC THEORY AND POLICY—I

(2019 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

Multiple choice questions.

1. In Sweezy's model of oligopoly price is :
 - (a) Rigid.
 - (b) Fluctuating.
 - (c) Flexible.
 - (d) Determinate.
2. 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.
3. In full cost pricing theory, price is set according to :
 - (a) $P = AVC + GPM$.
 - (b) $P = AC + GPM$.
 - (c) $P = AVC + GPM = MC$.
 - (d) $P = AVC + GPM + MC$.
4. Difficulties encountered in entering an industry are often referred to as :
 - (a) Monopoly.
 - (b) Entry barriers.
 - (c) Limit barriers.
 - (d) Patents.
5. OPEC is an example of :
 - (a) Cartel.
 - (b) Price leader.
 - (c) Bilateral monopoly.
 - (d) Monopsony.

Turn over

6. Increasing returns to scale is not caused by :
- (a) Specialization of labour.
 - (b) Marketing economies.
 - (c) Technical economies.
 - (d) Varying factor proportions.
7. The Friedman savage hypothesis, the total utility curve :
- (a) One segment.
 - (b) Two segment.
 - (c) Three segment.
 - (d) Four segment.
8. The C.D production function has been most extensively used in :
- (a) Consumption economics.
 - (b) Production.
 - (c) Exchange economics.
 - (d) Welfare economics.
9. The opportunity cost of a factor of production with specific use in :
- (a) Over high.
 - (b) Infinite.
 - (c) Zero.
 - (d) Constant.
10. 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.

(10 × 1 = 10 marks)

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries 2 marks.

Answer in one or two sentences each.

- 11. St. Peter's berg paradox.
- 12. Risk averter.
- 13. Snob effect.
- 14. Constant elasticity of demand function.

15. Homogeneous production function.
16. Learning curve.
17. Sweezy's kinked demand model.
18. Zero sum game.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any eight questions.

Each question carries 5 marks.

19. Explain Friedman-Savage hypothesis.
20. Discuss Nerlove's model.
21. Explain Translog production function.
22. Explain Short run cost function.
23. Explain Characteristics of oligopoly.
24. Explain Bertrand duopoly model.
25. Explain Baumol's sales revenue maximization model.
26. Discuss Sylos-Labini limit pricing.
27. Discuss Prisoners dilemma.
28. Discuss Saddle point theorem.
29. Explain Types of technical progress.
30. Explain Attribute theory of demand.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any two questions.

Each question carries 10 marks.

31. Discuss Cobb-Douglas production function.
32. Critically evaluate Cournot duopoly model.
33. Explain Bain's limit pricing.
34. Derive linear expenditure system.

(2 × 10 = 20 marks)