

D 72104

(Pages : 3)

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**

16. Elasticity of factor substitution.
17. Fixed proportion production function.
18. Types of cost.

(5 × 2 = 10 marks)

### Part C (Short Answer Questions)

Answer any **eight** questions.

Each question carries 5 marks.

19. Explain types of game.
20. Discuss maximin-minimax principle.
21. Explain household portfolio decision under uncertainty.
22. Explain behavioural-economics.
23. Explain stock adjustment principle.
24. Derive LES.
25. Explain CES production function.
26. Explain short run cost function.
27. Explain the types of price leadership.
28. Discuss Franco Modigliani limit pricing.
29. Explain the limitations of game theory.
30. Explain attitude towards risk.

(8 × 5 = 40 marks)

### Part D (Essay Type Questions)

Answer any **two** questions.

Each question carries 10 marks.

31. Discuss N-M utility index.
32. Critically evaluate balanced growth model.
33. Explain characteristics approach to demand analysis.
34. Discuss non collusive models.

(2 × 10 = 20 marks)

6. Limit pricing was developed by \_\_\_\_\_.  
(a) Bain. (b) Arrow.  
(c) Kaldor. (d) None.
7. Transformation curve is called \_\_\_\_\_.  
(a) PPC. (b) Isoquant.  
(c) Iso revenue. (d) None.
8. The oligopoly situation where the new firms are not allowed to enter the industry is called \_\_\_\_\_.  
(a) Barriers to entry. (b) Economies of scale.  
(c) Product differentiation. (d) None.
9. Oligopoly theory, entry prevention and growth by :  
(a) Sylos Labini. (b) Modigliani.  
(c) J. Bhagawati. (d) K.C. Panth .
10. In a constant sum game one player's gain is always another players :  
(a) Loss. (b) Gain.  
(c) Minimum gain. (d) Maximum gain.

(10 × 1 = 10 marks)

### Part B (Very Short Answer Questions)

Answer any **five** questions.

Each question carries 2 marks

11. Bernoullian hypothesis.  
12. Trade off between risk and return.  
13. Capital deepening technical progress.  
14. Bandwagon effect.  
15. Linearly homogeneous production function.