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(Pages : 3)

Name.....

Reg. No.....

FIRST SEMESTER P.G. DEGREE EXAMINATION, NOVEMBER 2021

(CCSS)

Economics

ECO 1C 01—MICRO ECONOMIC 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. Market situation in which only two seller is called _____.
(a) Duopoly. (b) Monopoly.
(c) Oligopoly. (d) None.
2. Neutral technical progress refers to _____.
(a) $MPL = MPK$. (b) MPL greater than MPK .
(c) MPL less than MPK . (d) None.
3. Who evolved the concept of selling cost _____.
(a) Chamberlin. (b) Sweezy.
(c) Edgeworth. (d) None.
4. When return to scale increases the transformation curve would be _____.
(a) Convex. (b) Concave.
(c) U shape. (d) None.
5. Functions including lagged values of demand or income or other variables are called _____.
(a) Distributed lag models. (b) Constant elasticity demand function.
(c) LES. (d) None.

Turn over

6. Graphically the effect of innovation in production process is shown by _____.
(a) Technical progress. (b) Expansion path.
(c) Returns to scale. (d) None.
7. Price rigidity under oligopoly was first explained by _____.
(a) Sweezy. (b) Bain.
(c) Bhaghwathi. (d) None.
8. A group of firm that have joined together to make agreements on pricing and market strategy is called _____.
(a) Cartel. (b) Price leadership.
(c) Non collusive oligopoly. (d) None.
9. St. Peter's burg paradox was formulated by _____.
(a) Bernoulli. (b) Neumann.
(c) Friedman. (d) None.
10. Cross elasticity of demand between tea and sugar is Willingness to pay minus actual payment is equal to _____.
(a) Consumer surplus. (b) Producers surplus.
(c) Demand. (d) None.

(10 × 1 = 10 marks)

Part B (Very Short Answer questions)

*Answer any five questions.
Answer in one or two sentences.
Each question carries 2 marks.*

11. Risk lover.
12. Investor's choice problem.
13. Labour deepening technical progress.
14. Veblen effect.
15. Non-linear homogeneous production function.
16. Reserve capacity.

17. Variable proportion production function.

18. Nash equilibrium.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** questions.
Each question carries 5 marks.

19. Explain the features of game.
20. Explain the significance of game in economic analysis.
21. Explain the laws of probability.
22. Explain Houthakker and Taylor model.
23. Explain demand forecasting methods.
24. Explain the five features of Cobb-Douglas production function.
25. Explain empirical cost function.
26. Explain the types of cartel.
27. Explain Bhagwati limit pricing.
28. Prove in constant elasticity of demand function income elasticity of demand remaining constant.
29. Explain two person zero sum game.
30. Explain Baumol theory of the firm.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any **two** questions.
Each question carries 10 marks.

31. Discuss the types of duopoly models.
32. Explain Williamson managerial discretion theory.
33. Critically evaluate F-S hypothesis.
34. Critically evaluate Bain's limit pricing.

(2 × 10 = 20 marks)