D 93155 (Pages : 3) Name.....

Reg. No.....

FIRST SEMESTER M.A. DEGREE EXAMINATION, DECEMBER 2015

(CUCSS)

Economics

ECO 1C 01 – MICRO ECONOMICS – THEORY AND APPLICAIONS – I

(2015 Admissions)

Time : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *questions.*

1. Utility theory is not able to explain the reason for :
   (a) Precious product. (b) Inferior goods.
   (c) Normal goods. (d) Giffen goods.
2. In Bernoulli's view, the marginal utility of money diminishes as :
   (a) Income rise. (b) Income decreases.
   (c) Price rise. (d) Price decreases.
3. Production may be defined as an act of _____.
   (a) Creating utility. (b) Earning profit.
   (c) Destroying utility. (d) Providing services.
4. In the Cobb-Douglas production function, the elasticity of substitution between the two inputs is :
   (a) Zero. (b) Infinite.
   (c) Unity. (d) α/β.
5. Which is an inverted 'U' shaped curve?
   (a) AC. (b) MC.
   (c) TC. (d) FC.
6. Duopoly is a market situation which is characterised by the existence of :
   (a) One firm. (b) Two firms.
   (c) Three firms. (d) Four firms.
7. Who evolved the concept of selling cost?
   (a) Alfred Marshall. (b) Chamberlin.
   (c) Keynes. (d) Robertson.

Turn over

8. What is the market situation where the industry is dominated by one large firm, who act as a leader?

   (a) Full oligopoly. (b) Non-collusive oligopoly.

   (c) Partial oligopoly. (d) Collusive oligopoly.

9. The balance growth equation refers to :

   (a) G = Gd = Gc. (b) Gd = f (d, k).

   (c) Gd = Gc – G maximum. (d) None.

10. Behavioural theory of the firm has been put forward by :

   (a) Cyert and March. (b) Cohen.

   (c) March. (d) Silberston.

11. A game represents the pay off to each player for each combination of strategies that are chosen is called :

   (a) Pay off matrix. (b) Saddle point.

   (c) Prisoner's dilemma. (d) None.

12. "A note on pricing in monopoly and oligopoly" – 1949, "Barriers to new competition" – 1956 these two well known works on the theory of limit pricing is by :

   (a) Bain. (b) Donald.

   (c) Liebhafsky. (d) None.

(12 × ¼ = 3 weightage)

Part B

Answer any **five** *questions.*

13. St. Petersberg paradox.

14. Risk averter.

15. Bandwagon effect.

16. Constant elasticity of demand function.

17. Homogeneous production function.

18. Engineering cost.

19. Zero Sum game.

20. Price leadership.

(5 × 1 = 5 weightage)

Part C

Answer any **eight** *questions.*

21. Markowitz hypothesis.
22. Nerloves model.
23. Veblen effect.
24. Hicksian approach to technical progress.
25. Characteristics of oligopoly.
26. Sweezy's kinked demand model.
27. Prisonners dilemma.
28. Bains limit pricing.
29. Nash equilibrium.
30. Types of cost.
31. Elasticity of substitution.

(8 × 2 = 16 weightage)

Part D

Answer any **three** *questions.*

32. Neuman-Morgenstern utility index.
33. Linear Expenditure System.
34. Features of Cobb-Douglas production function.
35. Cournot duopoly model.
36. Williamson managerial discretion theory.

(3 × 4 = 12 weightage)