

Reg. No. :

Name :

First Semester M.A. Degree Examination, May 2022

Business Economics

BE 511 — MICRO ECONOMIC ANALYSIS

(2021 Admission)

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer **all** questions. Each question carries 1 mark. Choose the correct answer.

1. Engel curve for a Giffen good is
 - (a) Negatively sloped
 - (b) Positively sloped
 - (c) vertical
 - (d) Horizontal
2. The Key concept in Rawlsian social welfare function is what he termed as the _____.
 - (a) Difference Principle
 - (b) Equality Principle
 - (c) Marginal Principle
 - (d) None of the above
3. When $\alpha = 3/4$ and $\beta = 1/4$, for the Cobb-Douglas production function, returns to scale is
 - (a) Increasing
 - (b) Decreasing
 - (c) Constant
 - (d) First increasing and then decreasing

P.T.O.



4. When MC is less than AC, AC falls and when MC is greater than AC, AC _____.
- (a) Rises (b) Falls
(c) Constant (d) Minimum
5. Nicholas Kaldor explains compensation criteria from _____ point of view.
- (a) Losers (b) Gainers
(c) Both (a) and (b) (d) None of the above
6. Working capital is also known as _____ capital.
- (a) Fixed (b) Revolving
(c) Circulating (d) Both (b) and (c)
7. Pareto optimality criterion assumes _____ measurement of utility.
- (a) Cardinal (b) Ordinal
(c) Numeric (d) All the above
8. In the context of oligopoly, the kinked demand curve is designed to explain
- (a) Price-Output determination (b) Price rigidity
(c) Price leadership (d) Collusion among rivals
9. The point of constraint bliss is established at the point of tangency between the grand utility possibility frontier and the highest possible social indifference curve
- (a) True (b) False
(c) Cant be defined (d) None of the above
10. The market for automobiles is an example of _____.
- (a) Pure oligopoly (b) Differentiated oligopoly
(c) Monopoly (d) Duopoly

(10 × 1 = 10 Marks)



SECTION – B

Answer any **seven** questions, **not** exceeding **500** words. Each question carries **5** marks.

11. Explain the different types of elasticities.
12. Diagrammatically explain the concept of excess capacity under monopolistic competition.
13. What do you mean Scitovsky's Double Criterion of Welfare?
14. Write a brief note on the theory of second best.
15. "Choice reveals Preference" Give a detailed explanation of the statement.
16. Diagrammatically explain how a producer reaches equilibrium through optimum factor combination.
17. The inequality in the society is justified only to the extent that it benefits the least advantaged individuals in the society. Justify the statement using Rawl's Social welfare function.
18. Write a short essay on St. Petersburg paradox.
19. How the point of constrained bliss is attained according to Bergson-Samuelson social welfare function
20. As per the modern cost theory LAC is L-shaped. Give Reason.

(7 × 5 = 35 Marks)

SECTION – C

Answer any **three** questions in less than **1,200** words. Each question carries **10** marks.

21. Explain Arrow's Impossibility theorem.
22. Diagrammatically explain price and output determination under monopoly.



23. Explain the concept of price rigidity on the basis of kinked demand curve according to Paul M Sweezy?
24. Write an essay on New welfare economics with a focus on compensation criteria.
25. Analyze the properties of CES Production function.

(3 × 10 = 30 Marks)

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