

Reg. No. :

Name :

First Year B.A. Degree Examination, April 2021

Economics

Part III — Paper I — MICRO ECONOMICS

(2005 Admission onwards)

Time : 3 Hours

Max. Marks : 100

Instruction : Answer may be written in English or in Malayalam.

I. Choose the correct answer. Write only the alphabet :

1. The word micro is first used by

- (a) J.M. Keynes (b) Ragnar Frisch
(c) Alfred Marshall (d) Friedman

2. 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

3. At the point of tangency between the budget line and indifference curve

- (a) $MRS = \text{Price ratio}$ (b) $MRS > \text{Price ratio}$
(c) $MRS < \text{Price ratio}$ (d) $MRS \neq \text{Price ratio}$

4. Engel curve for a giffen good is

- (a) Negatively sloped (b) Positively sloped
(c) Vertical (d) Horizontal

5. The wage fund theory was propounded by

- (a) Adam Smith (b) David Ricardo
(c) Alfred Marshall (d) A.C. Pigou

(5 × 1 = 5 Marks)

II. State True or False :

6. Production possibility curve is convex to the origin.
7. Duopsony is a market situation in which there is only two Sellers.
8. If the income elasticity of demand is greater than 1, the commodity is a luxury.
9. The slope of indifference curve represents Marginal rate of technical Substitution (MRTS).
10. Opportunity Cost is defined as the cost of next best alternative forgone.

(5 × 1 = 5 Marks)

III. Fill in the blanks :

11. There is/are _____ number of sellers under perfect competition.
(a) One (b) Few
(c) Five (d) Large
12. A case of increase in demand, supply remaining unchanged, the equilibrium price
(a) Rise (b) Fall
(c) Remaining constant (d) Zero
13. The tangency between indifference curve and price line shows _____
(a) Consumer surplus (b) Consumer demand
(c) Consumer equilibrium (d) Consumer budget
14. The concept of consumer's surplus is put forward by _____
(a) Alfred Marshall (b) Adam Smith
(c) David Ricardo (d) A.C. Pigou

15. In the Indifference curve analysis, the necessary condition for consumers' equilibrium _____

(a) $MRS_{xy} = P_x$

(b) $MRS_{xy} = P_y$

(c) $MRS_{xy} = P_x / P_y$

(d) $MRS_{xy} = P_x - P_y$

(5 × 1 = 5 Marks)

IV. Define **any four** of the following :

16. Cross elasticity of demand.

17. Supplementary cost.

18. Basic Economic problems.

19. Demand forecasting.

20. Public utilities.

(4 × 1 = 4 Marks)

V. Answer **any seven** of the following in not more than half a page :

21. What do you mean by model building in Economics?

22. Point out the main features of oligopoly.

23. Explain the Law of Diminishing Marginal utility.

24. Define Shut down point.

25. Explain the concepts of ordinal and cardinal utility.

26. Explain the relation between M_c and A_c .

27. Write a note on adding up problem.

28. Explain the measurement of the degree of monopoly power.

29. What do you mean by income effect?

30. Point out the main practical uses of elasticity of demand.

(7 × 3 = 21 Marks)

VI. Answer **any six** questions each not more than **one** page :

31. Distinguish between personal and functional distribution.
32. What do you mean by External Economies?
33. Briefly explain the various methods of measuring price elasticity of demand.
34. Explain short run and long run supply curves.
35. Explain Engel's curve.
36. Explain price and output determination in oligopoly market.
37. Explain Cob Web Theorem.
38. What are the features of Monopolistic Competition?
39. Explain the circular flow of economic activity.
40. Explain subsistence theory of wages.

(6 × 5 = 30 Marks)

VII. Answer **any three** of the following not exceeding **three** pages each :

41. Explain the Law of Returns to Scale.
42. Compare traditional and modern theories of cost.
43. Write an essay on the properties of Cobb – Douglas Production function.
44. Explain the Revealed preference theory.
45. Briefly explain consumer's equilibrium using indifference curve.
46. Explain the scope of micro economics.

(3 × 10 = 30 Marks)