FIRST SEMESTER B.A./B.Sc. DEGREE EXAMINATION, NOVEMBER 2019

(CUCBCSS—UG)

Economics

ECO 1B 01—MICRO ECONOMICS—I

(Common for Development Economics, Foreign Trade and Economics with Islamic Finance)

Time : Three Hours

Maximum : 80 Marks

Answers may be written either in English or in Malayalam.

Part A

Answer all **twelve** *questions.*
Each question carries ½ marks.

1. The elasticity of substitution between factors of production of a fixed proportion production function is :

   (a) 0.

   (b) ∞.

   (c) 1.

   (d) Indeterminate.

2. A right angled or L shaped isoquant exists for the inputs which are :

   (a) Perfect Substitutes.

   (b) Prefect Complementary .

   (c) Non complementary.

   (d) Limited Substitutes.

3. Which of the following stands for the slope of an isoquant ?

   (a) MRS.

   (b) MSR.

   (c) MRP.

   (d) MRTS.

4. The elasticity calculated over a range of prices is :

   (a) Point elasticity.

   (b) Cross price elasticity.

   (c) Arc elasticity.

   (d) None of these.

5. Which of the following is usually considered as the slope of the Total Product curve ?

   (a) AP.

   (b) MP.

   (c) Both MP and AP.

   (d) MRP.

Turn over

6. Who is the author of the book. "Value and Capital" ?

    (a) Henderson.   (b) Marshall.

    (c) Hicks.   (d) Harvey.

7. Which among the following is an example of complementary goods ?

    (a) Rice and Wheat.   (b) Tea and Coffee.

    (c) Jeans and Pants.   (d) Car and petrol.

8. The income effect for an inferior goods is :

    (a) Positive.   (b) Negative.

    (c) Uncertain.   (d) Neutral.

9. If all inputs are increased by 10 percent and output increases by 10 percent, it must be the case that there exists :

    (a) Diminishing Returns to Scale.

    (b) Increasing Returns to Scale.

    (c) Constant Returns to Scale.

    (d) Diseconomies of Scale.

10. Economists use the phrase "Cetris Paribus" to express the assumption :

    (a) Everything depends upon every other things.

    (b) All else are equal.

    (c) Scarcity is a fact of life.

    (d) There is no such thing as a free lunch.

11. The cross price elasticity of complementary goods is :

    (a) Positive.   (b) Negative.

    (c) Zero.   (d) None of these.

12. Which of the following relates the quantity of a good consumed to consumer's income ?

    (a) Price Consumption Curve.   (b) Demand curve.

    (c) Engel Curve.   (d) Indifference curve.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

Answer any **ten** *questions.*
Each question carries 2 marks.

13. Distinguish between Substitute and complementary goods.

14. What is an indifference curve ?

15. What is meant by demand function ?

16. What do you mean by consumer surplus ?

17. What is price elasticity of demand ?

18. Write a note on marginal utility and total utility.

19. What is meant by cross elasticity ?

20. Write a note on Marginal product and Average product.

21. What is a ridge line ?

22. What is Giffen's paradox ?

23. What is meant by an isocost line ?

24. What do you mean by a model ?

(10 × 2 = 20 marks)

Part C (Short Essay Questions)

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

25. Explain the Law of Diminishing Marginal Returns.

26. Distinguish between Microeconomics and Macroeconomics.

27. Explain the properties of isoquant

28. Explain the Law of Variable proportions.

29. Explain the price elasticity of supply.

30. Explain the Marshall's concept of consumer surplus

31. Explain the derivation of demand curve using price consumption curve.

32 Explain the factors influencing the increase and decrease in demand.

(6 × 5 = 30 marks)

Turn over

Part D (Essay Questions)

Answer any **two** *questions.*
Each question carries 12 marks.

33. Explain the different methods of measuring price elasticity of demand. Examine the relationship between price elasticity of demand and Marginal Revenue, Average Revenue and Total Revenue

34. Explain the applications of Indifference curve analysis

35. Critically examine the laws of returns to scale

36. Explain Hicksian and Slutski's methods of Decomposition of Price Effect

(2 × 12 = 24 marks)