D 13383   (Pages : 3)   Name

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FIRST SEMESTER M.A. DEGREE EXAMINATION, DECEMBER 2016

(CUCSS)

Applied Economics

Paper I—MICROECONOMIC THEORY

(2012 Admissions)

Time : Three Hours   Maximum : 36 Weightage

Part A

Answer all *questions.*
Each bunch of four *questions carries weightage 1.*

A. Multiple choice :

 1 The essential condition for a firm to be in equilibrium is :

   (a) MC = MR.   (b) AC = AR.

   (c) MC cuts MR from below.   (d) Both (a) and (b).

 2 If a = 3/4 and $b = \frac{1}{4}$ in Cobb—Douglas production function the returns to scale will be :

   (a) Increasing.   (b) Decreasing.

   (c) Constant.   (d) First increasing and then decreasing.

 3 The father of General equilibrium analysis is :

   (a) Keynes.   (b) Smith.

   (c) Clower.   (d) Leon Walrus.

 4 The cost of a factory with specialized equipment that is of no use in another industry is an
   example of :

   (a) Fixed cost.   (b) Variable cost.

   (c) Sunk cost.   (d) Opportunity cost.

B. Multiple choice questions :

 5 Cournot duopoly model assumes _____ to be constant.

   (a) Output.   (b) Price.

   (c) Both price and output.   (d) Cost.

Turn over

6 There is no unique supply curve under _____ market.

    (a) Monopolistic competition.   (b) Monopoly.

    (c) Oligopoly.   (d) Perfect competition.

7 The credit of analyzing two types of collusive oligopoly goes to :

    (a) Bertrand.   (b) Fellner.

    (c) Cournot.   (d) Stackleberg.

8 Under Average cost pricing $P = AVC +$ _____ $+$ profit margin :

    (a) AFC.   (b) TR.

    (c) TC.   (d) MC.

C. Fill in the blanks :

9 The locus of intersection of points of a Lorenz curve denotes efficiency in _____

10 The macro degree of monopoly was enunciated by _____

11 The MRTS of L shaped isoquant is _____

12 The N-M index calculates utility under conditions of _____

D. State True *or* False :

13 Markovitz hypothesis measures utility under conditions of risk and uncertainty.

14 Hicksian logical ordering theory is build upon indifference curve.

15 Cartel is a form of collusive oligopoly.

16 Entry preventing price is called limit price.

(16 x $^1/$ = 4 weightage)

Part **B**

Answer any ten *questions.*
Each question carries a weightage of 2.

17 Discuss the linear homogeneous production function.

18 Explain the N-M utility index.

19 Describe the Kinked demand curve of Sweezy.

20 What do you mean by Prisoner's Dilemma ?

21 Explain the price leadership of a low cost firm.

22 What do you mean by linear expenditure system ?

23 What do you mean by technical progress? What are the various types ?

24 What are the features of average cost pricing ?

25 How is price determined by the small firm under oligopoly ?

26 Bring out the idea behind Kaldor - Hicks compensation criteria.

27 What are the limitations of marginalist principle of pricing ?

28 What do you mean by St. Petersberg Paradox ?

(10 x 2 = 20 weightage)

Part C (Essay Questions)

Answer any three *of the following.*
Each question carries 4 *weightage.*

29 Differentiate the properties of Cobb-Douglas production function and CES production function.

30 Explain the recent developments in demand theory.

31 State and explain the Pareto-optimality criteria. Why is it valid only under perfect competition?

32 Discuss the features of Oligopoly. Why is the demand curve under oligopoly indeterminate ? How is equilibrium determined in such a context ?

(3 x 4 = 12 weightage)