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(Pages : 4)

Name...

Reg. No...................................

FIRST SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2017

(CUCBCSS—UG)

Economics

ECO 1B 01—MICRO ECONOMICS—I

Time : Three Hours

Maximum : 80 Marks

*Answers may be written **either** in English **or** in Malayalam*

Part A

*Answer **all** questions.*
Each question carries ½ mark.

1. Ceteris paribus means :

    (a) Other things remaining constant. (b) One factor remaining constant.

    (c) Increase in one variable. (d) Decrease in one variable.

2. The method of economic analysis of general to particular is :

    (a) Deduction. (b) Induction.

    (c) Assumptions. (d) Normative analysis.

3. If income elasticity is negative, the good is :

    (a) Luxury. (b) Necessities.

    (c) Inferior. (d) Superior.

4. For perfect complements, MRS will be :

    (a) Zero. (b) One.

    (c) Infinite. (d) 1.5.

5. Time period in which at least one factor remains constant :

    (a) Long run. (b) Short run.

    (c) Medium period. (d) Secular period.

6. The locus of various cost minimizing points of a firm is :

    (a) Expansion path. (b) Production function.

    (c) MRTS. (d) MRS.

Turn over

7. The price elasticity calculated over a range of prices :

    (a) Point elasticity.   (b) Cross elasticity.

    (c) Arc elasticity.   (d) Income elasticity.

8. Expenditure that is made and cannot be recovered :

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

    (c) Sunk cost.   (d) Accounting cost.

9. At the optimal consumption bundle :

    (a) The marginal utility of all goods consumed is equal.

    (b) The marginal utility per rupee spent is equal for all goods consumed.

    (c) The price of all goods consumed is equal.

    (d) None of the above.

10. Marginal utility refers to :

    (a) The additional product produced as the firm adds one additional unit of an input.

    (b) The additional utility that a consumer derives from consuming one additional unit of a good.

    (c) The total utility derived by consuming the good.

    (d) All of the above.

11. If goods X and Y are substitutes, with an increase in the price of Y, the demand for X will :

    (a) Increase.   (b) Decrease.

    (c) No change.   (d) First increase and then decrease.

12. When total utility is maximum ?

    (a) Marginal utility is zero.

    (b) An additional unit of consumption will decrease total utility.

    (c) An additional unit of consumption will increase total utility.

    (d) Marginal utility is constant.

                                            (12 × ½ = 6 marks)

Part B (Very Short Answer Questions)

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

13. Positive Economics.

14. Micro Economics.

15. Cross Elasticity.

16. Cobb-Douglas Production Function.

17. Indifference Map.

18. Opportunity Cost.

19. Production Function.

20. Budget Line.

21. Utility Function.

22. Increasing Returns to Scale.

23. Substitution Effect.

24. Giffen Good.

$(10 \times 2 = 20 \text{ marks})$

Part C (Short Answer Questions)

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

25. Explain the subject matter and scope of economics.

26. Extension and contraction of demand.

27. Engel Curve.

28. Can an indifference curve slope upward ? Explain.

29. Discuss the revealed preference theory.

30. Explain the significance of price elasticity

31. State and explain the law of diminishing marginal utility.

32. Explain the Marshalian concept of consumer surplus.

$(6 \times 5 = 30 \text{ marks})$

Turn over

Part D (Essay Questions)

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

33. Examine the decomposition of price effect into income effect and substitution effect using Hicksian and Slutsky's methods.

34. Explain how consumer equilibrium can be attained by ordinal analysis.

35. Describe the derivation of long run average cost curve.

36. Explain the law of variable proportions.

(2 × 12 = 24 marks)

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(CUCBCSS—UG)

Economics

ECO 1B 01—MICRO ECONOMICS—I

(Multiple Choice Questions for SDE Candidates)

Time : 15 Minutes	Total No. of Questions : 20	Maximum : 20 Marks

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.

2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.

3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.

4. The MCQ question paper will be supplied after the completion of the descriptive examination.

ECO 1B 01—MICRO ECONOMICS—I

(Multiple Choice Questions for SDE Candidates)

1. The substitution effect for a commodity is :

   (A) Is always positive.

   (B) Depends upon the nature of the commodity.

   (C) Depends upon price effect.

   (D) Sometimes negative and sometimes positive.

2. Which of the following statements is true ?

   (A) Hicksian substitution effect is greater than Slutsky substitution effect.

   (B) Slutsky substitution effect is greater than Hicksian substitution effect.

   (C) Hicksian substitution effect is same and equal to Slutsky substitution effect.

   (D) Hicksian substitution effect is the reverse of slusky substitution effect.

3. As per indifference curve analysis consumer equilibrium is attained when :

   (A) Slope of indifference curve is constant.

   (B) Slopes of both indifference curve and income price line are equal.

   (C) Slopes of both indifference curve and income price line are opposite.

   (D) Both income price line and indifference curve are parallel.

4. At the point of tangency the slope of indifference curve is :

   (A) Differ from point to point.

   (B) Is equal on the other side of the mid point.

   (C) Is the same.

   (D) Is increasing.

5. When price of a product falls, more of it is purchased because of :

   (A) The substitution effect.

   (B) The income effect.

   (C) Neither substitution effect nor income effect.

   (D) Both the substitution and income effects.

6. The basic doctrine of consumers surplus is based on :

   (A) Indifference curve analysis.

   (B) Revealed preference theory.

   (C) Law of substitution.

   (D) Law of diminishing marginal utility.

7. At saturation point MU of a commodity is :

   (A) Positive.

   (B) Negative.

   (C) Zero.

   (D) Increasing.

8. Marshalian cardinal utility analysis assumes :

   (A) Marginal utility of money is zero.

   (B) Marginal utility of money is decreasing.

   (C) Marginal utility of money is increasing.

   (D) Marginal utility of money is constant.

9. When individuals income falls (everything remain the same) his demand for a normal good ?

   (A) Rises.

   (B) Falls.

   (C) Remains the same.

   (D) negative.

10. Indifference curves are :

    (A) Always parallel.

    (B) May be parallel.

    (C) May not be parallel.

    (D) Both (b) and (c).

11. Hicks Allen indifference theory is based on :

    (A) Weak ordering.

    (B) Strong ordering.

    (C) Constant ordering.

    (D) Multiple ordering.

12. In case of a convex indifference curve :

    (A) MRS xy is constant.

    (B) MRS xy is increasing.

    (C) MRS xy is negligible.

    (D) MRS xy is diminishing.

13. An indifference curve represent :

    (A) Four commodities.

    (B) Less than two commodities.

    (C) Only two commodities.

    (D) Only one commodity.

14. Engel curve for giffen good is :

    (A) Positively sloped.

    (B) Negatively sloped.

    (C) Horizontal straight line.

    (D) Vertical straight line.

Turn over

15. For a giffen good, when price falls :

    (A) Demand increases at a faster rate. (B) Demand decreases.

    (C) Demand remains constant.   (D) Demand curve has a negative slope.

16. Total utility is maximum when :

    (A) Marginal utility is zero.   (B) Marginal utility is maximum.

    (C) Marginal utility increases.   (D) Average utility is maximum.

17. Total utility is :

    (A) The sum total of marginal utilities.(B) Entire utility derived from whole consumption.

    (C) Increases at a diminishing rate.   (D) All the above.

18. When Total utility is increasing at an decreasing rate, marginal utility is ?

    (A) Constant.   (B) Negative.

    (C) Increasing.   (D) Decreasing.

19. The concept of utility was introduced by :

    (A) Marshall.   (B) Hicks and allen.

    (C) Geremy Bentham.   (D) Gossen.

20. Ordinal utility analysis is otherwise known as :

    (A) Gossens second law.   (B) Cardinality approach.

    (C) Indifference curve analysis.   (D) Rationality approach.