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FIRST SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, NOVEMBER 2024

(CBCSS)

Economics

ECO 1C 01—MICRO ECONOMICS : THEORY AND APPLICATIONS—I

(2019 Admission onwards)

Maximum : 30 Weightage

me : Three Hours

Part A (Multiple Choice Questions)

Answer **all** *questions.*
Each question carries 1/5 *weightage.*

1. The high-low method is a technique used for :

   a) Estimating fixed costs.

   b) Estimating variable costs.

   c) Estimating total costs.

   d) None of the above.

2. The Prisoner's Dilemma is often used to illustrate :

   a) Collusive behaviour in oligopoly.

   b) Non-collusive behaviour in oligopoly.

   c) Perfect competition in the market.

   d) None of the above.

3. The expected utility of an outcome is calculated by :

   a) Multiplying the outcome by the probability of its occurrence.

   b) Adding the outcome to the probability of its occurrence.

   c) Taking the square root of the outcome multiplied by the probability.

   d) None of the above.

Turn over

4. The concept of "fairness" is often more prominent in :

   a) Co-operative games.

   b) Non-co-operative games.

   c) Both cooperative and non-co-operative games.

   d) None of the above.

5. Compared to a monopoly, a duopolistic market is generally associated with :

   a) Higher prices and lower output.

   b) Lower prices and higher output.

   c) Equal prices and output.

   d) None of the above.

6. The kinked demand curve model suggests that the equilibrium price and output in an oligop will be :

   a) Stable and unchanged over time.

   b) Unstable and subject to frequent changes.

   c) Determined by the government through price controls.

   d) None of the above.

7. The Prisoner's Dilemma illustrates the challenges of achieving cooperation because :

   a) Each player is uncertain about the other player's choice.

   b) Each player is motivated to act in their self-interest.

   c) The payoffs are asymmetrical for each player.

   d) None of the above.

8. According to the state preference approach, an individual's preferences over different states of nature can be represented by :

   a) Indifference curves.

   b) Risk profiles.

   c) Utility weights.

   d) None of the above.

9. The goal of collusion in an oligopoly is to :

   a) Maximize individual firm's profit.

   b) Maximize industry-wide profit.

   c) Increase consumer welfare.

   d) None of the above.

10. The cost function can exhibit diminishing returns when :

a) Marginal cost is decreasing.
b) Marginal cost is increasing.
c) Average cost is decreasing.
d) None of the above.

11. Constant returns to scale occur when :

a) Output increases more than proportionally to the increase in inputs.
b) Output increases proportionally to the increase in inputs.
c) Output increases less than proportionally to the increase in inputs .
d) None of the above.

12. The constant elasticity demand function assumes that the price elasticity of demand :

a) Changes as price changes.
b) Is constant regardless of price changes.
c) Is infinite.
d) None of the above.

13. The bandwagon effect is related to the concept of :

a) Network externalities.
b) Price discrimination.
c) Consumer surplus.
d) None of the above.

14. A linear utility function represents a consumer who is :

a) Risk-averse.
b) Risk-seeking.
c) Risk-neutral.
d) None of the above.

15. The characteristic approach is closely related to the concept of :

a) Consumer surplus.
b) Producer surplus.
c) Price elasticity of demand.
d) None of the above.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries a weightage of 1.

16. Define the Kinked demand curve.

17. What is meant by the term Credibility ?

18. Define Price leadership.

Turn over

19. What is the Learning curve ?

20. What does a short run production function represent ?

21. What is Nerlove's demand ?

22. What is the Snob effect ?

23. What is meant by Risk neutrality ?

(5 × 1 = 5 we

Part C (Short Answer Questions)

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

24. Discuss Prisoner's dilemma

25. Discuss the significance of the non-collusive models.

26. What are the reasons behind the different types of Returns to scale ?

27. Discuss the Expected utility hypothesis in detail.

28. Bring out the significance of Neumann-Morgenstern utility index.

29. What are called the Mixed strategies ?

30. What is called Certainty equivalent ?

31. Critically evaluate the Chamberlin's model.

32. Describe the Economies of scope.

33. Bring out how the different approaches of Cooperative and non-cooperative game work in the world.

(7 × 2 = 14 weigh

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries a weightage of 4.

34. Discuss in detail Stackleberg's model.

35. Critically evaluate the various aspects of the Cobb-Douglas production function.

36. Explain in detail the properties of the Constant elasticity demand function.

37. Explain the St. Petersberg paradox.

(2 × 4 = 8 weightage