C82913

61

(Pages : 4)

Name.....

Reg. No.....

SECOND SEMESTER M.A./M.Sc./M.Com. DEGREE EXAMINATION
JUNE 2020

(CBCSS)

Economics

ECO2C05—MICRO ECONOMICS THEORY AND APPLICATIONS—II

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Part A

Answer **all** *questions.*
Each question carries ¼ weightage.

Multiple Choice Questions :

1. TVECF – TVIC = _____.

   (a) IRR.

   (b) NPV.

   (c) PBP.

   (d) BCR.

2. _____ not isolate the problem of production from that of distribution.

   (a) Kaldor.

   (b) Hicks.

   (c) Pareto.

   (d) Marshall.

3. Among the following free rider problem as an economics issue only occurs under which conditions :

   (a) When no one can consume a resource in unlimited amounts.

   (b) When no one has to produce and maintain the resource.

   (c) When everyone can limit anyone else's consumption.

   (d) When everyone can consume a resource in unlimited amounts.

4. When one party to an economic transaction possesses greater material knowledge than the other party ?

   (a) Specialization.

   (b) Asymmetric information.

   (c) Material knowledge.

   (d) Economic transactions.

Turn over

5. Optimal quantity of public goods produced and the cost of public goods fairly shared among everyone is ———.

(a) Pareto optimum.
(b) Pigou's equilibrium.
(c) Lindahl equilibrium.
(d) Musgravian principle.

6. ——— is a common negative externality.

(a) Tax.
(b) Subsidy.
(c) CPR.
(d) Pollution.

7. In the context of an investment portfolio, unsystematic risk can be reduced through ———.

(a) Modernisation.
(b) Innovation.
(c) Specialisation.
(d) Diversification

8. Use of rules of thumb to make a quick decision is ———.

(a) Cognitive bias.
(b) Heuristics.
(c) Bandwagon.
(d) Self-interest.

9. Supply doesn't get smaller as it is consumed means ———.

(a) Rivalry.
(b) Non-excludable.
(c) Non-rivalry.
(d) Excludable.

10. ——— analyze specific markets or sectors.

(a) Lachmann imagine.
(b) Ludwig von Mises.
(c) Walrasian general equilibrium.
(d) Marshallian partial equilibrium.

11. Agency costs are viewed as part of ———.

(a) Principal costs.
(b) Normal costs.
(c) Transaction costs.
(d) Real costs.

12. Short-term ——— are set by central banks.

(a) Effective interest rates.
(b) Nominal interest rates.
(c) Real interest rates.
(d) Risk-free interest rates.

(12 × ¼ = 3 weightage)

Part B (Short Answer Type Questions)

Answer any five questions.
Each question carries 1 weightage.

13. Compare real and nominal interest rates.
14. What is Net Present Value Criterion ?
15. Explain Kaldor-Hicks Compensation criterion.
16. What is theory of Second Best ?
17. Define CPR with examples.
18. Write a note on the efficiency wage theory.
19. Explain Rules of thumb.
20. What is market signalling ?

(5 × 1 = 5 weightage)

Part C (Paragraph Type Questions)

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

21. Explain Coase theorem.
22. Compare positive and negative externalities in production.
23. Write a brief note on Pareto Optimality.
24. What is Capital asset pricing model ?
25. Explain Principal-agent problem.
26. Write a note on the views of behavioural economics.
27. Explain Arrows impossibility theorem.
28. Explain Scitovisky criterion.
29. Explain supply of future goods.
30. Compare first theorem and second theorem of welfare economics.

(7 × 2 = 14 weightage)

Turn over

Part D (Essay Type Questions)

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

31. Explain Asymmetric information. What are the implications of it ?

32. Explain capital and the rate of return. What are the factors determining the rate of return ?

33. What is a public-good ? Explain its provision and characteristics.

34. Define general equilibrium. Explain general equilibrium of production.

(2 × 4 = 8 weightage)