

D 52656

(Pages : 5)

Name.....

Reg. No.....

**FIRST SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, NOVEMBER 2023**

(CBCSS)

Economics

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

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A (Multiple Choice Questions)*Answer all questions.**Each question carries 1/5 weightage.*

1. Cost estimation refers to the process of :
 - a) Calculating the actual costs incurred.
 - b) Predicting future costs based on historical data.
 - c) Analyzing the relationship between cost and output.
 - d) None of the above.
2. The risk premium in expected utility theory represents :
 - a) The amount of risk a consumer is willing to take.
 - b) The additional utility a consumer requires to accept a risky option over a certain option.
 - c) The expected value of the outcomes.
 - d) None of the above.
3. Collusion in an oligopoly typically involves :
 - a) Open and transparent agreements among firms.
 - b) Secret agreements among firms to limit competition.
 - c) Aggressive price-cutting strategies.
 - d) None of the above.

Turn over

4. The characteristic approach assumes that consumers make choices based on :
- Total utility derived from a product.
 - Marginal utility derived from a product characteristic.
 - Average utility derived from a product characteristic.
 - None of the above.
5. Nash equilibrium in a game occurs when :
- All players are satisfied with their outcomes.
 - No player can improve their payoff by unilaterally changing their strategy.
 - Players co-operate to achieve a common goal.
 - None of the above.
6. The dominant strategy in the Prisoners Dilemma is :
- To co-operate.
 - To defect.
 - To alternate between cooperation and defection.
 - None of the above.
7. A concave utility function represents a consumer who is :
- Risk-averse.
 - Risk-seeking.
 - Risk-neutral.
 - None of the above.
8. The concept of a mixed strategy equilibrium in game theory is associated with :
- Cooperation and collaboration among players.
 - Randomness and unpredictability in players' choices.
 - A stable and optimal outcome in the game .
 - None of the above.
9. The presence of market power in a duopolistic market can lead to :
- Higher prices and lower output compared to a perfectly competitive market.
 - Lower prices and higher output compared to a perfectly competitive market.
 - Equal prices and output compared to a perfectly competitive market.
 - None of the above.

10. Decreasing 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.
11. The concept of dynamic price elasticity of demand refers to :
- a) The responsiveness of quantity demanded to changes in price over time.
 - b) The responsiveness of quantity supplied to changes in price over time.
 - c) The responsiveness of income to changes in price over time.
 - d) None of the above.
12. The snob effect can lead to :
- a) Increased demand for exclusive products.
 - b) Reduced prices of niche products.
 - c) Increased competition in the market.
 - d) None of the above.
13. The constant elasticity demand function is commonly used to analyze markets where :
- a) Demand is highly sensitive to price changes.
 - b) Demand is not sensitive to price changes.
 - c) Demand is determined by income levels.
 - d) None of the above.
14. The bandwagon effect is driven by consumers' desire to :
- a) Stand out from the crowd.
 - b) Conform to social norms.
 - c) Minimize the risk of making a wrong decision.
 - d) None of the above.

Turn over

15. The von Neumann-Morgenstern utility index is used to rank outcomes based on :

- a) Their expected values.
- b) Their probabilities.
- c) Their utility values.
- d) None of the above.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries 1 weightage.

- 16. What is meant by the Sequential games ?
- 17. What is called Commitments ?
- 18. What are Co-operative games ?
- 19. Define Non-collusive oligopoly.
- 20. What does a long-run production function represent ?
- 21. What is the Veblen effect ?
- 22. Define a Linear demand curve.
- 23. What is Risk preference ?

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any seven questions.

Each question carries 2 weightage.

- 24. What is called a Zero-sum game ?
- 25. Bring out the welfare properties of the duopolistic market.
- 26. What is the significance of the learning curve ?
- 27. Discuss the state preference approach to choose under uncertainty
- 28. Explain the Constant elasticity demand function.
- 29. Explain the St. Petersburg paradox.
- 30. "Cartels are generally considered illegal and anti-competitive in most countries due to their negative effects on market efficiency and consumer welfare". Substantiate the statement with examples.

31. How does the technological progress influence the production function ?
32. Bring out the properties of the cost function
33. What are meant by the Pure strategies ?

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any two questions.

Each question carries 4 weightage.

34. Critically evaluate Chamberlin's model.
35. Discuss in detail the significance of the CES production function.
36. Discuss in detail the Linear expenditure system.
37. Explain the Markowitz hypothesis.

(2 × 4 = 8 weightage)