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First Year B.A. Degree Examination, February 2022

Economicss

Part III – Paper I : MICRO ECONOMICS

(2005 Admission Onwards)

Time : 3 Hours

Max. Marks : 100

Instruction: Answer may be written in *English* or in *Malayalam*

I. Choose the correct answer. Write only the alphabet:

1. Income effect is ———— in the case of giffen good

   (a) Positive (b) negative

   (c) zero (d) infinity

2. Breakeven point is defined as the intersection between ———and ————

   (a) MC and MR (b) TC and TR

   (c) AC and AR (d) TC and MC

3. If the commodity has a wider range of substitutes, the elasticity of demand will be ————

   (a) Unity (b) lower

   (c) greater (d) inelastic

4. The shape of AFC curve is ————

   (a) U shaped (b) L Shaped

   (c) Rectangular hyperbola (d) Inverted U shaped

P.T.O.

5. Indifference Curve analysis is _____

(a) Introspective (b) Behaviouristic

(c) Cardinal (d) all the above

(5 × 1 = 5 Marks)

II. State **True** or **False**

6. Cobb-Douglas production function shows increasing returns to scale.

7. At the middle point of a linear demand curve, elasticity is equal to one

8. When the price of a substitute of commodity X falls, the demand for X increases

9. L shaped indifference curve shows perfect complementary goods

10. When MC is less than AC, AC falls and when MC is greater than AC, AC rises

(5 × 1 = 5 Marks)

III. Fill in the **blanks**

11. In the case of _____ cobweb the amplitude of the fluctuation increases with the passage of time and once disturbed from position of equilibrium the economy moves cumulatively away from it

(a) Divergent (b) Convergent

(c) zero (d) Infinity

12. If elasticity of demand is infinite, then the demand curve become

(a) Vertical (b) Horizontal

(c) downward Sloping (d) None of the above

13. When total utility is increases, marginal utility is _____

(a) negative (b) zero

(c) positive (d) infinity

14. Micro Economics deals with the study of, economic entities _____

(a) Macro (b) Socio

(c) Aggregate (d) Individual

15. _____ plays an important role in the market economy

(a) Price Mechanism (b) Govt

(c) Public sector enterprise (d) NGOs

(5 × 1 = 5 Marks)

IV. Define any **four** of the following

16. Economic Model

17. Break Even Point

18. TC, TFC and TVC

19. Opportunity cost

20. Production Function

(4 × 1 = 4 Marks)

V. Answer any **seven** of the following in not more than half a page

21. Define market in economics and different forms of market?

22. Explain indifference curve and indifference map?

23. Define Strong ordering?

24. What do you mean by market equilibrium?

25. What are the main determinants of demand?

26. What do you mean by Scale of preference?

27. Write a note on the nature of Economics?

28. What are the factors determining elasticity of demand for a commodity?

29. Why MC and AC are 'U' shaped?

30. Explain the Central Economic problems.

(7 × 3 = 21 Marks)

VI. Answer any **six** questions each not more than **one** page

31. Explain the production Possibility curve?

32. Write a note on price theory?

33. Diagrammatically explain the concept of consumer surplus.

34. What is Demand forecasting and estimation?

35. What do you mean by internal economies?

36. Point out the assumptions of revealed preference theory?

37. Explain the features and equilibrium in perfectly competitive market.

38. Write a note on the merits of indifference curve analysis?

39. Briefly explain agricultural markets in India.

40. Explain Producer's equilibrium.

(6 × 5 = 30 Marks)

VII. Answer **any three** of the following *not* exceeding three pages each.

41. What is meant by price discrimination and what are the different forms of price discrimination?

42. How do you know if a function is Gobb–Douglas?

43. Explain the law of variable proportions

44. Explain the long run equilibrium of the firm with the help of envelop curve?

45. What is the base of Revealed Preference Theory of demand?

46. Explain Cobweb theorem.

(3 × 10 = 30 Marks)
