D 13852 (Pages : 4) Name.....

Reg. No.....

FIRST SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2016

(CUCBCSS—UG)

Core Course—Economics

ECO 1B 01—MICRO ECONOMICS—I

96

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. A demand curve is :

   (a) The quantity consumers would like to buy.

   (b) The quantity consumers are willing to sell.

   (c) The quantity consumers are willing and able to buy at each and every income all other things unchanged.

   (d) The quantity consumers are willing and able to buy at each and every price all other things unchanged.

2. The method of economic analysis of particular to general 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 substitutes, MRS will be :

   (a) Zero. (b) One.

   (c) Infinite. (d) 1.5.

5. Time period in which at least one factor is fixed :

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

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

Turn over

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

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

   (c) MRTS. (d) MRS.

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

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

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

8. Expenditurethat 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 product 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 a decrease in the price of Y, the demand for X will :

   (a) An increase. (b) A 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 marginal utility.

   (d) Total 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. Price consumption curve.
18. Variable Cost.
19. Production Function.
20. Law of equimarginal utility.
21. Utility Function.
22. Decreasing Returns to Scale.
23. Income Effect.
24. Law of supply.

(10 × 2 = 20 marks)

Part C (Short Answer Questions)

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

25. Properties of isoquants.
26. Increase and extension of demand.
27. Engel Curve.
28. Can an indifference curve slope upward ? Explain.
29. Discuss the revealed preference theory.
30. Explain the factors affecting price elasticity.
31. State and explain the law of diminishing marginal utility.
32. Explain the Marshalian concept of consumer surplus.

(6 × 5 = 30 marks)

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 consumer equilibrium with the help of indifference curves.

35. Describe the short run and long run cost curve with suitable diagrams..

36. Explain the laws of production in the short run and long run

(2 × 12 = 24 marks)