D 52809-A (Pages : 4) Name..................................

Reg. No..................................

FIRST SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2018

(CUCBCSS—UG)

Core Course—Economics

MICROECONOMICS—I

(Common for Development Economics, Foreign Trade and Economics with Islamic Finance)

(Multiple Choice Questions for SDE Candidates)

Time : 15 Minutes	**Total No. of Questions : 20**	**Maximum : 20 Marks**

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C), (D) and (E) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

MICROECONOMICS—I

(Multiple Choice Questions for SDE Candidates)

1. The concept of utility was introduced by :

   (A) Marshall. (B) Hicks and allen.

   (C) Geremy Bentham. (D) Gossen.

2. Ordinal utility analysis was developed by :

   (A) J.R. Hicks and R.J.D. Allen. (B) Samuelson.

   (C) Marshall and Jevons. (D) Slutsky.

3. Total utility is maximum when :

   (A) Marginal utility is zero. (B) Marginal utility is maximum.

   (C) Marginal utility increases. (D) Average utility is maximum.

4. Total utility is :

   (A) The sum total of marginal utilities.

   (B) Entire utility derived from whole consumption.

   (C) Increases at a diminishing rate.

   (D) All the above.

5. When Total utility is increasing at an decreasing rate, marginal utility is :

   (A) Constant. (B) Negative.

   (C) Increasing. (D) Decreasing.

6. A consumer reaches equilibrium when :

   (A) Marginal utility is equal to price. (B) Marginal utility greater than price.

   (C) Marginal utility less than price. (D) Total utility is equal to price.

7. When individuals income rises (everything remain the same) his demand for a normal good ?

   (A) Rises. (B) Falls.

   (C) Remains the same. (D) Negative.

8. When individuals income falls (everything remain the same) his demand for an inferior good ?

(A) Rises. (B) Falls.

(C) Remains the same. (D) We cannot say without additional information.

9. Other things being equal a decrease in demand can be caused by :

(A) A fall in price of the commodity. (B) A fall in income of the consumer.

(C) A rise in price of the substitute. (D) None of these.

10. 'Utility or satisfaction is a subjective concept ; therefore it could only be ranked". The statement supports :

(A) Cardinal utility theorist. (B) Ordinal utility theorist.

(C) Behavioral theorist of the firm. (D) None of the above.

11. According to Marshall, The law of diminishing marginal utility :

(A) Applies on money in the manner in which it applies on commodity.

(B) Do not applies on money except bank money.

(C) Does not applies on bank money but applies on cash.

(D) Negative income effect.

(E) Positive Marshallian effects.

12. Revealed preference theory assumes :

(A) Weak ordering. (B) Strong ordering.

(C) Constant ordering. (D) Multiple ordering.

13. Income consumption curve of an inferior commodity is :

(A) Positively sloped. (B) Backward bending.

(C) Downward slopping straight line. (D) Showing constant income effect.

14. In case of a convex indifference curve :

(A) MRS xy is constant. (B) MRS xy is increasing.

(C) MRS xy is negligible. (D) MRS xy is diminishing.

15. As per indifference curve analysis, consumer always try to reach :

(A) Higher indifference. (B) Lower indifference curve.

(C) Middle indifference curve. (D) Lower income price line.

16. The slope of a budget line is :

(A) The satisfaction level of both the commodities.

(B) The income level of the consumer.

(C) The price ratio of both the commodities under consideration.

(D) Price level of a country.

17. The slope of a budget line throughout its length is :

(A) The satisfaction level of both the commodities.

(B) The income level of the consumer.

(C) The price ratio of both the commodities under consideration.

(D) Price level of a country.

18. The substitution effect for a commodity is :

(A) Is always positive. (B) Depends upon the nature of the commodity.

(C) Depends upon price effect. (D) Sometimes negative and sometimes positive.

19. Which of the following statements is true ?

(A) Hicksian substitution effect is greater than Slutsky substitution effect.

(B) Slutsky substitution effect is greater than Hicksian substitution effect.

(C) Hicksian substitution effect is same and equal to Slutsky substitution effect.

(D) Hicksian substitution effect is the reverse of slusky substitution effect.

20. According to Hicks substitution effect is :

(A) The movement to a higher indifference curve.

(B) The movement to a lower indifference curve.

(C) The movement along an indifference curve.

(D) The movement to a decreased consumption.

D 52809 **(Pages : 3)** **Name..................................**

Reg. No..............................

FIRST SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2018

(CUCBCSS–UG)

Core Course—Economics

MICROECONOMICS—I

(Common for Development Economics, Foreign Trade and Economics with Islamic Finance)

Time : Three Hours Maximum : 80 Marks

Answers may be written **either** *in English* **or** *in Malayalam.*

Part A

Answer all **twelve** *questions.*
Each question carries ½ mark.

1. A positive statement is based on :

   (a) Ethics. (b) Facts.

   (c) Values. (d) Concepts.

2. Experimentation is a ——— method.

   (a) Deduction. (b) Statistical.

   (c) Inductive. (d) Abstract.

3 ——— is an exception to the law of demand.

   (a) Superior good. (b) Consumer food.

   (c) Man-made good. (d) Inferior-good.

4. Among the following which is not a rule of indifference curves analysis ?

   (a) Non-satiation. (b) Transitivity.

   (c) Continuity. (d) Consistency.

5. Revealed preference theory is ———.

   (a) Subjective. (b) Based on observed market behaviour.

   (c) Psychological. (d) Cardinal.

Turn over

6. For perfectly inelastic demand, elasticity of demand is ————.

   (a) One. (b) Zero.

   (c) Infinite. (d) Negative.

7. Elasticity of substitution between two perfect substitutes is ————.

   (a) Infinity. (b) Zero.

   (c) One. (d) Positive.

8. The concept of consumer surplus provides a powerful theoretical argument for ————.

   (a) Direct tax. (b) Indirect tax.

   (c) Marginal tax. (d) GST.

9. AP is maximum when ————.

   (a) MP < AP. (b) MP > AP.

   (c) MP = AP. (d) None of these.

10. An example for linear homogenous production function is ————.

    (a) Logical production function. (b) Cobb-Douglas production function.

    (c) Arrow production function. (d) Minhas production function.

11. MRTS is associated to ————.

    (a) Indifference curves. (b) Utility curve.

    (c) Equal product curve. (d) Production possibility curve.

12. Producers equilibrium is achieved at point where ————.

    (a) MRTS > Price. (b) MRTS < Price.

    (c) MRTS = price. (d) None of these.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

Answer any **ten** *questions.*
Each question carries 2 marks.

13. Expansion path.

14. Isoquants.

15. Inferior goods.

16. Utility.

17. Income effect.

18. Extension of demand.

19. Complementary goods.

20. Elasticity of supply.

21. Inductive method.

22. Positive economics.

23. Market equilibrium.

24. Partial and total analysis.

(10 × 2 = 20 marks)

Part C (Short Essay Type Questions)

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

25. Distinguish between Microeconomics and Macroeconomics.

26. What are the factors determining the price elasticity of demand ?

27. Explain the law of diminishing marginal utility.

28. Explain Consumers surplus.

29. What are the properties of indifference curve ?

30. Explain TP, AP and MP.

31. Compare fixed and variable proportion production function.

32. Explain returns to scale.

(6 × 5 = 30 marks)

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries 12 *marks.*

33. What is production function? Explain the properties of Cobb-Douglas Production function ?

34. Explain the revealed preference they ?

35. Explain the cardinal and ordinal versions of the consumers equilibrium.

36. Explain the nature and significance of the study of microeconomics.

(2 × 12 = 24 marks)