

**FIRST SEMESTER B.A. DEGREE (SUPPLEMENTARY/IMPROVEMENT)
EXAMINATION, NOVEMBER 2014**

(UG-CCSS)

Core Course—Economics

EC 1B 01—MICRO ECONOMICS—I

(2009-2012 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Answers may be written either in English or in Malayalam.

Part A

Answer all questions.

Each bunch of four questions carries weightage 1.

A. Multiple Choice :

I. 1 An increase in the volume of output, other things being constant :

- (a) Causes the rate of output increase.
- (b) Leads to a fall in total costs.
- (c) Increase acquisition costs.
- (d) Reduces AC per units of output.

2 It is observed that the expenditure on food as a percentage of income has fallen when income has risen. According to this, food is :

- (a) Inferior good.
- (b) Normal good.
- (c) A good with income elasticity less than unity.
- (d) A giffen good.

3 Cross elasticity of demand is useful because :

- (a) They give the same information as price elasticity of demand.
- (b) They help to define whether goods are substitutes for or complements to each other.
- (c) They tell us whether a good is normal or inferior.
- (d) They determine the price of a substitute on complement changes.

4 Which of the following is a normative statement ?

- (a) The present rate of unemployment in India is 14 %.
- (b) The average total cost curve is one of the most useful devices in economic theory.
- (c) Attendance at Friday afternoon lectures is usually lower than at Monday afternoon lectures.
- (d) The price of gold was Rs. 12,000 a sovereign in November, 2009.

B. Fill in the blanks :

5 The production possibility Frontier illustrates _____ prices.

6 A theory is a validated _____

7 When marginal revenue is greater than zero, demand is _____

8 Giffen goods must be _____ goods.

C. One word answer :

9 The price where the demand and supply curves intersect.

10 Which type of goods are pen and ink together called ?

11 The measure of responsiveness of quantity demand of good A to a change in price of good B.

12 The magnitude of slope of indifference curve.

(12 $\frac{1}{4}$ = 3 weightage)

Part B (Short Answer type questions)

Answer all questions.

Each question carries 1 weightage.

II. 13 What do you mean by value judgement ?

14 Define the term scarcity.

15 Explain the term utility.

16 What is static analysis ?

17 Explain market demand curve.

18 Explain marginal rate of substitution.

19 Explain budget lens.

20 Explain income elasticity of demand.

21 Define the term production function.

(9 x 1 = 9 weightage)

Part B (Short Essay/Paragraph questions)

Answer any five questions.

Each question carries 2 weightage.

III. 22 Why demand curve slopes downward ?

23 What are the properties of indifference curve.

- 24 Distinguish between **Hicksian** and **Slutskian** method.
- 25 Explain the process of derivation of demand curve from **PCC**.
- 26 What are the factors determining elasticity ?
- 27 Why the marginal cost curve cuts the average cost curve at its minimum ?
- 28 Why does demand tend to be more elastic in the long-run ?

(5 x 2 = 10 **weightage**)

Part D (Essay questions)

*Answer any **two** questions.*

*Each question carries 4 **weightage**.*

IV. 29 Explain various types of price elasticity of demand.

- 30 Explain the concept of social science. How interdisciplinary approach is useful to solve many social problems ?
- 31 Explain Revealed Preference Theory.

(2 x 4 = 8 **weightage**)