FIRST SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2017

(CUCBCSS—UG)

Economics

ECO 1B 01—MICRO ECONOMICS—I

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. Ceteris paribus means :

   (a) Other things remaining constant.   (b) One factor remaining constant.

   (c) Increase in one variable.   (d) Decrease in one variable.

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

   (a) Zero.   (b) One.

   (c) Infinite.   (d) 1.5.

5. Time period in which at least one factor remains constant :

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

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

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

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

   (c) MRTS.   (d) MRS.

Turn over

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

    (a) Point elasticity.

    (b) Cross elasticity.

    (c) Arc elasticity.

    (d) Income elasticity.

8. Expenditure that 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 utility 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 an increase in the price of Y, the demand for X will :

    (a) Increase.

    (b) 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 total utility.

    (d) Marginal 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. Indifference Map.

18. Opportunity Cost.

19. Production Function.

20. Budget Line.

21. Utility Function.

22. Increasing Returns to Scale.

23. Substitution Effect.

24. Giffen Good.

(10 × 2 = 20 marks)

Part C (Short Answer Questions)

Answer any six questions.
Each question carries 5 marks.

25. Explain the subject matter and scope of economics.

26. Extension and contraction of demand.

27. Engel Curve.

28. Can an indifference curve slope upward ? Explain.

29. Discuss the revealed preference theory.

30. Explain the significance of price elasticity

31. State and explain the law of diminishing marginal utility.

32. Explain the Marshalian concept of consumer surplus.

(6 × 5 = 30 marks)

Turn over

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 how consumer equilibrium can be attained by ordinal analysis.

35. Describe the derivation of long run average cost curve.

36. Explain the law of variable proportions.

(2 × 12 = 24 marks)