

**Avinashilingam Institute for Home Science and Higher Education for Women
(Deemed to be University), Coimbatore-641 043**

**Master's Degree Examination - November-2018
I-Semester**

**Class: I M.A.
Major: Economics**

**Time: 3 hours
Max. Marks: 60**

17MECC01 Micro Economic Theory-I

Part A

(10 x 1/2 = 5)

Choose the correct answer

1. The concept of utility was introduced by
a. Marshall b. Hicks and Allen c. Jeremy Bentham d. Adam Smith
2. Indifference curve is always
a. concave to the origin b. convex to the origin
c. L shaped d. A straight line
3. Revealed Preference theory assumes
a. Weak ordering b. Strong ordering
c. Constant ordering d. multiple ordering
4. Strong ordering is a distinguishing feature of the theory given by
a. Marshall b. Hicks c. Samuelson d. Adam Smith
5. The production function shows the relationship between
a. Input and output b. Least cost of producing output
c. Various combination of inputs d. various combination of output
6. The economies which occur to a particular firm only when it grows in size are called _____
a. internal economies b. external economies
c. marketing economies d. financial economies
7. A curve that can never be "U" shaped is the _____
a. Average variable cost curve b. Marginal cost curve
c. Average fixed cost curve d. Average total cost curve
8. The addition to the total revenue by the sale of an additional unit is
a. Total revenue b. Average revenue
c. Value added d. Marginal revenue
9. Limit price is the _____
a. Entry preventing price b. preventing price
c. Entry low price d. Entry fixed price
10. According to Hall and Hitch the firms set their prices on the _____
a. Average – cost principle b. Marginalistic rule
c. Total – cost principle d. Fixed – cost principle

Part B

(5 x 4 = 20)

Answer ALL questions

Each answer should not exceed 200 words or one page

- 11.a. Distinguish between cardinal and ordinal approach.
(or)
- 11.b. How indifference curves analysis is useful for measuring cost of living?
- 12.a. "Choice reveals preference" - Explain.
(or)
- 12.b. Explain the Constant-Elasticity of demand function.
- 13.a. Write a note on Cobb - Douglas Production Function.
(or)
- 13.b. Explain the concept of decreasing returns to scale.
- 14.a. Interpret the traditional theory of firm's short-run cost curves.
(or)
- 14.b. Analyse equilibrium of the firm under marginal revenue, marginal cost approach
- 15.a. List out the assumption of Sylos-Labini model of pricing.
(or)
- 15.b. Describe the assumption of Bain's limit pricing theory.

Part C

(5 x 7 = 35)

Answer ALL questions

Each answer should not exceed 600 words or three pages

- 16.a Define consumer's equilibrium. How does a consumer reach his equilibrium position in Ordinal utility analysis?
(or)
- 16.b. Interpret how indifference curves analysis is useful for evaluation of government policies.
17. a. Discuss how law of demand is derived from Revealed preference hypothesis
(or)
- 17.b. Interpret the Hicks logical ordering theory of demand.
- 18.a. Diagrammatically explain the Law of Variable proportion.
(or)
- 18.b. Illustrate Economies of scale.
- 19.a. Explain Modern theory of long run costs.
(or)
- 19.b. Describe equilibrium of the firm under total revenue and total cost approach.
20. a. Evaluate Hall and Hitch theory of pricing.
(or)
- 20.b. Analyse Bain's limit pricing theory.
