

**Avinashilingam Institute for Home Science and Higher Education for Women
Coimbatore-641043.**

Master's Degree Examination - November-2017

I-Semester

Class : I PG

Time: 3 hours

Major : Economics

Max.Marks: 60

17MECC01 Micro Economic Theory-I

Part A

(10 x 1/2 = 5)

Choose the correct answer

1. Cardinal utility analysis was developed by
a. Marshall b. Hicks and Allen c. Geremy Bentham d. Gossen
2. Ordinal utility analysis is otherwise known as _____
a. Gossens second law b. Cardinal approach
c. Indifference curve analysis d. Rationality approach
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 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
6. There.....stages is the Law of variable proportions
a. 2 b. 3 c. 4 d. 5
7. Which cost is to be incurred by a firm even if output is zero
a. Opportunity cost b. Fixed cost c. Variable cost d. Total cost
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.State the assumptions of the Cardinal Utility Theory
(Or)
b.Explain the assumptions of indifference curve
- 12.a. "Choice reveals preference" - Explain
(Or)
b.Explain the constant-elasticity demand function.
- 13.a. Explain cobb-douglas production function
(Or)
b. Write a note on decreasing returns to scale
- 14.a.Explain the traditional theory of firm's short-run cost curves.
(Or)
b. Explain the equilibrium of the firm under total revenue and total cost approach.
15. a.State the assumption of Sylos-Labini model of pricing
(Or)
b.Explain 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 What is meant by consumer's equilibrium? How does a consumer reach his equilibrium position in Ordinal utility analysis?
(Or)
b. How indifference curves analysis is useful for measuring the cost of living.
17. a.Discuss how law of demand is derived from Revealed preference hypothesis
(Or)
b.Briefly explain Hicks logical ordering theory of demand
18. a.Discuss the Law of Variable proportion
(Or)
b. Illustrate Economies of scale
- 19.a.Explain long run costs of Modern theory
(Or)
b.Explain the equilibrium of the firm under marginal revenue and marginal cost approach
20. a.Evaluate Hall and Hitch theory of pricing
(Or)
b.Examine Bain's limit pricing theory
