(6 pages) **Reg. No. :**

Code No. : 5267 Sub. Code : ZESM 11

M.A. (CBCS) DEGREE EXAMINATION, NOVEMBER 2021

First Semester

 ${\rm Economics}-{\rm Core}$

ADVANCED MICRO ECONOMIC THEORY - I

(For those who joined in July 2021 onwards)

Time : Three hours

Maximum : 75 marks

PART A — $(10 \times 1 = 10 \text{ marks})$

Answer ALL questions.

Choose the correct answer:

- 1. The model of linear Expenditure system was developed by
 - (a) Hicks (b) Slutsky
 - (c) Stone (d) Allen

- 2. Which of the following is related to dynamic demand function?
 - (a) distributed lag Model's of demand
 - (b) Lagged value of Quantity demanded and income
 - (c) Stock adjustment principle
 - (d) All the above
- 3. Production is a function of
 - (a) profits (b) factors
 - (c) price (d) costs
- 4. α and β in Cobb Douglas production function represent
 - (a) constants
 - (b) random disturbance terms
 - (c) positive parameters
 - (d) None of the above
- 5. The best level of output for n perfectly competitive firm is given by the point where
 - (a) MR = AC
 - (b) MR = MC
 - (c) MR exceeds MC by the greatest amount
 - (d) MR = MC and MC is rising

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- 6. Discriminating Monopoly is possible if two markets have
 - (a) rising cost curves
 - (b) rising and declining cost curves
 - (c) different elasticities of demand
 - (d) equal elasticities of demand
- 7. The concept of Gropu equilibrium wa advocated by
 - (a) Chamberlin (b) Mrs. Robbinson
 - (c) Lancaster (d) Marshall
- 8. Product differentiation is an important feature of
 - (a) Monopoly
 - (b) Monopolistic competition
 - (c) Duopoly
 - (d) Oligopoly
- 9. According to Sylo-labini Model, the equilibrium price is equal to
 - (a) Long-run average cost
 - (b) Normal profit
 - (c) Long run Average cost plus normal rate of profit
 - (d) Marginal cost
- 10. Full cost pricing model was given by
 - (a) Hall and Hitch (b) Hicks and Allen
 - (c) Cobb and Douglas (d) None of these

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PART B — $(5 \times 5 = 25 \text{ marks})$

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the pragmatic approach to the theory of demand.

Or

- (b) Briefly explain the consumer expenditure function.
- 12. (a) What is meant by production function? What is the difference between short-run and long run production function?

Or

- (b) Write a note on CEs production function.
- 13. (a) How is the price of a commodity is determined under perfect competition?

Or

- (b) What are the selling costs? Explain the equilibrium of monoplastic competitive firm under selling cost.
- 14. (a) Explain the characteristics of oligopoly.

Or

(b) Explain the Bertrand solution of duopoly problem.

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15. (a) Discuss the sylo-latrini model of limit price.

 \mathbf{Or}

(b) Diagrammatically explain the Andrew's version of full cost pricing theory.

PART C — $(5 \times 8 = 40 \text{ marks})$

Answer ALL the questions choosing either (a) or (b).

Each answer should not exceed 600 words

16. (a) Write a critical note on the theory of Revealed preference.

Or

- (b) Explain the characteristics demand theory of Lan Caster.
- 17. (a) State and explain the properties of Cobb-Douglas production function.

Or

- (b) What do you mean by technological change? Explain neutral, Capital-saving and labour saving technical progress with diagrams.
- 18. (a) Illustrate diagrammatically the short run and long run equilibrium of the firm and industry under perfect competition.

 \mathbf{Or}

(b) Explain the Kinked-Demand Curve Model of Oligopoly.

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19. (a) Explain the pricing process under price leadership by low-cost firm and by a dominant firm.

 \mathbf{Or}

- (b) Discuss the characteristics features of Cournot Model of Duopoly.
- 20. (a) Explain clearly the limit pricing theory.

 \mathbf{Or}

(b) Explain the full-cost pricing theory. Mention its merits and demerits.

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