(8 pages)

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VESC 11

M.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2024.

First Semester

Economics — Core

ADVANCED MICRO ECONOMICS

(For those who joined in July 2023 onwards)

Time : Three hours   Maximum : 75 marks

PART A — (15 × 1 = 15 marks)

Answer ALL questions.

Choose the correct answer :

1. Who proposed the ordinal utility theory?

    (a) Hicks and Allen

    (b) Pigou

    (c) Marshall

    (d) Ricardo

2. When marginal utility = zero, total utility is

    (a) Laws of return

    (b) Minimum

    (c) Maximum

    (d) None of the above

3. Which of the following metrics is not a constant factor while moving upwards along the supply curve?

    (a) The price of the commodity

    (b) The number of sellers

    (c) Expected future prices

    (d) Cost of the resources used for producing that commodity

4. Risk arising from the unique uncertainties of individual securities is known as

    (a) Systematic risk

    (b) Unsystematic risk

    (c) Market risk

    (d) Total risk

5. Buying insurance to cover business risks is an example of managing business risk by what?

   (a) Holding   (b) Transfer

   (c) Rescue   (d) Redressal

6. Adverse selection occurs when there is

   (a) Full information

   (b) Unobserved behavior

   (c) An unobserved characteristic

   (d) A worker who shirks because his boss does not watch him

7. Excess capacity is not noticed in which of the following market conditions?

   (a) Monopoly

   (b) Monopolistic competition

   (c) Oligopoly

   (d) Perfect competition

8. For a monopolist, profit is maximized at that level of output where?

   (a) MR = AR and MR is falling

   (b) MR = MC and MC is rising

   (c) MR = MC and MC is falling

   (d) MR = AR and MR is rising

9. Bilateral monopoly means

   (a) Two sellers and two buyers

   (b) Two sellers and single buyer

   (c) Single seller and single buyer

   (d) Single seller and two buyer

10. Transportation method is concerned with

   (a) Value analysis

   (b) Linear programming

   (c) Queuing theory

   (d) Break even analysis

11. Which product is suited for market skimming pricing?

   (a) A product facing too much competition

   (b) An innovative product with high demand

   (c) A newly introduced product

   (d) A product with short life span

12. The price theory uses the concepts of ———— to determine the appropriate price point of a good.

   (a) Input and output

   (b) Stock and Flow

   (c) Income and Expenditure

   (d) Demand and Supply

13. Contribution margin in marginal costing is also known as what?

    (a) Net income

    (b) Gross profit

    (c) Marginal income

    (d) None of the above

14. The marginal productivity theory relates to the

    (a) Remuneration of resources

    (b) Demand and Supply of resources

    (c) Concept of scarcity

    (d) Non-competitive aspects of the resource market

15. What is meant by derived demand?

    (a) Demand derived in beginning economics classes

    (b) Demand is derived from income, tastes, etc

    (c) Demand is derived from the price elasticity of demand

    (d) Demand for a resource is derived from the demand for what it can

PART B — (5 × 4 = 20 marks)

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

Each answer should not exceed 250 words.

16. (a) Discuss the derivation of marginal utility schedule.

    Or

    (b) What is compensatory demand curve explain?

17. (a) Explain the concept of screening.

    Or

    (b) Explain the Moral hazard in economics information.

18. (a) Discuss the concept monopolistic competition.

    Or

    (b) Explain the concept of cartels and mergers.

19. (a) Discuss the concept of peak load pricing model.

    Or

    (b) Discuss the concept of input-output model.

20. (a) Define factor market.

Or

(b) Explain innovation theory.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

21. (a) Discuss the concept of consumer's equilibrium in indifference curve analysis.

Or

(b) Explain the concept of Slutsky's decomposition of price effect.

22. (a) Elucidate the N-M index.

Or

(b) Explain the concept of insurance market.

23. (a) Analyse the concept of price determination under monopoly control.

Or

(b) Duopoly price game concept explain briefly.

24. (a) Elucidate Sylos-Labini model.

Or

(b) Discuss linear programming applications in decision making.

25. (a) Discuss the concept liquidity preference theory of interest.

Or

(b) Explain factor pricing in imperfect product concept.

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