

B.A. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2013**Fourth Semester****B.A. Economics****Core Course—MICROECONOMIC ANALYSIS**

Time : Three Hours

Maximum Weight : 25

*Answers may be written either in English or in Malayalam.***Part A (Objective Type Questions)***Answer all questions.**Each bunch of four questions carries a weight of 1.**Choose the correct alphabet only.*

- I. 1 The envelope curve is :
- (a) Long run marginal cost curve. (b) Long run average cost curve.
(c) Short run total cost curve. (d) Average variable cost curve.
- 2 Which of the following cost curve is not "U" shaped ?
- (a) LRACC. (b) SRACC.
(c) LRMCC. (d) AFCC.
- 3 The terms private and social costs were first used by :
- (a) Kaldor. (b) Pigou.
(c) Keynes. (d) Hicks.
- 4 Implicit costs are :
- (a) The imputed value of the entrepreneurs own resources and services.
(b) Expenses which are incurred by the firm in buying the goods and services.
(c) Opportunity costs.
(d) None of these.
- II. 5 Perfect competition implies :
- (a) Differential products. (b) Homogenous products.
(c) Advertised products. (d) None of these.
- 6 In monopoly, the MR curve :
- (a) Line above the AR curve. (b) Lies below the AR curve.
(c) Coincides with AR curve. (d) None of these.

Turn over

- 7 The kinked demand curve analysis of the oligopoly model was developed by :
- (a) Paul M. Sweezy. (b) Samuelson.
(c) Marshall. (d) Pigou.
- 8 The concept of selling cost is propounded by :
- (a) Marshall. (b) Pigou.
(c) Chamberlin. (d) Robinson.
- III. 9 Consumers are likely to get a variety of similar goods under :
- (a) Monopoly. (b) Perfect competition.
(c) Duopoly. (d) Monopolistic competition.
- 10 "The market for Lemons" is the work of :
- (a) Alfred Marshall. (b) Joseph stiglitz.
(c) Rothschild. (d) George Akerlof.
- 11 "A Theory of Justice" is a major work of :
- (a) John Rawls. (b) Mrs. Joan Robinson.
(c) Amartyasen. (d) Kurihara.
- 12 Arrow's impossibility theorem is connected with :
- (a) Market conditions. (b) Social welfare.
(c) Equilibrium price. (d) Marginal pricing.
- IV. 13 Kinked demand curve hypothesis is used to explain :
- (a) Price output determination. (b) Price leadership.
(c) Price rigidity. (d) Collusion among rivals.
- 14 The concept of New Welfare Economics is based on :
- (a) The compensation principle. (b) Value judgment.
(c) Optimum allocation. (d) None of these.
- 15 Under Perfect Competition AR curve is :
- (a) Upward sloping. (b) Downward sloping.
(c) Kinked one. (d) Horizontal straight line.
- 16 Price discrimination is an important feature of :
- (a) Oligopoly. (b) Monopoly.
(c) Duopoly. (d) Duopsony.

Part B (Short Answer Questions)

*Write short notes on any five questions not exceeding 50 words each.
Each question carries a weight of 1.*

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| 17 Opportunity Cost. | 18 Bilateral monopoly. |
| 19 Pure competition. | 20 Dumping. |
| 21 Monopsony. | 22 Collusive oligopoly. |
| 23 Price leadership. | 24 Selling cost. |

(5 × 1 = 5)

Part C (Short Essays)

*Answer any four questions, not exceeding 150 words each.
Each question carries a weight of 2.*

- 25 Reasons for the "U" shape of LAC.
- 26 What are the different conditions of price discrimination ?
- 27 Explain the marginal productivity theory to distribution.
- 28 Explain Arrow's Impossibility theorem.
- 29 Explain price and output determination under price leadership by a dominant firm.
- 30 Critically discuss Rawlsian theory of Justice.

(4 × 2 = 8)

Part D (Long Essays)

*Answer any two questions, not exceeding 450 words each.
Each question carries a weight of 4.*

- 31 Explain the marginal conditions of paretian optimum.
- 32 Critically evaluate the Kaldor-Hicks criterion for an improvement in General Welfare.
- 33 Explain with diagrams the main characteristics of an oligopolistic market and equilibrium of a firm facing kinked demand curve.

(2 × 4 = 8)