B. A. DEGREE END SEMESTER EXAMINATION OCTOBER/NOVEMBER 2018

SEMESTER –3: ECONOMICS (CORE COURSE)

COURSE: U3CRECO3- PRINCIPLES OF MICRO ECONOMICS

(For Supplementary - 2014 admission)

Time: Three Hours   Max. Marks: 75

PART A

*Answer **all** questions in one or two sentences. Each question carries **1** mark.*

1. Demand
2. Positive economics
3. Isoquants.
4. Short run
5. Isocost line
6. Price effect
7. Production function.
8. Substitution effect
9. Scarcity definition of Economics.
10. Economies of scale   (1 x 10 =10)

PART B

*Answer **any eight** of the following in three or four sentences.*

*Each question carries **2** marks.*

11. What is price mechanism?
12. Distinguish between inferior goods and giffen goods.
13. What are economies and diseconomies of scale?
14. What are internal and external economies of scale?
15. Explain the concept of income elasticity of demand.
16. Water-diamond paradox
17. Differentiate between cardinal utility and ordinal utility.
18. Micro economic vs macro economics
19. Write a short note on MRS and MRTS.
20. Consumer's equilibrium.   (2 x 8 = 16)

PART C

*Answer **any five** of the following in not more than one page.*

*Each question carries **5** marks.*

21. Explain the Hicksian approach of measuring consumer surplus.
22. Critically examine the law of diminishing marginal utility.
23. Explain the properties of a Cobb-Douglas production function

24. Explain Samuelson's Revealed Preference Theorem.
25. What is a budget line? Explain how budget line responds to changes in prices and income with the help of suitable diagrams.
26. Write a brief note on market equilibrium and impact of changes in demand and supply.
27. Given the following TP, find AP and MP. Plot the curves and explain the relationship between TP, AP and MP.

Labour	TP
1	9
2	20
3	28
4	34
5	37
6	37
7	36

(5 x 5 = 25)

PART D

*Answer **any two** of the following in not exceeding four pages.*

*Each question carries **12** marks.*

28. State and explain the law of variable proportion
29. What is production function? Explain the laws of returns to scale.
30. 'Economic models and laws are hypothetical'. Discuss the statement.
31. What are the different concepts of elasticity of Demand? How do you measure elasticity? What are the practical uses of the concept of elasticity? (12 x 2 = 24)

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