19P1002

Reg. No ..... Name .....

M. A. DEGREE END SEMESTER EXAMINATION - OCTOBER 2019

SEMESTER 1 : ECONOMICS

COURSE : **16P1ECOT01 : MICROECONOMIC THEORY - I**

(For Regular - 2019 Admission and Supplementary - 2016/2017/2018 Admissions)

Time : Three Hours Max. Marks: 75

Section A
Answer any 8 (2 marks each)

1. Slutsky Equation
2. Duality
3. Distinguish between cardinal utility and ordinal utility functions.
4. Expenditure function
5. Discuss the shape of total utility and marginal utility curves of money of a risk averter.
6. What is Markowitz Hypothesis?
7. Opportunity cost
8. What do you mean by neutral technological progress?
9. Discuss the relationship between the linear homogeneous production function and Euler's theorem.
10. Economies of scale and economies of scope
11. Moral hazard
12. Lemon problem

(2 x 8 = 16)

Section B
Answer any 7 (5 marks each)

13. Distinguish between Dual function and Primal function?
14. Distinguish between positive and negative network externalities with suitable examples.
15. Distinguish between Bandwagon and Snob effects.
16. Explain the Neumann-Morgenstern method of constructing the utility index.
17. Explain the case of risk aversion, risk loving and risk neutral in an expected utility framework.
18. Briefly discuss the properties of CES production function.
19. Show the equilibrium of a single product firm?
20. Briefly explain the adverse selection in different markets.
21. Explain the transaction cost analysis of Williamson.
22. Write a note on Spence model of market signaling.

(5 x 7 = 35)

Section C
Answer any 2 (12 marks each)

23. Examine the recent developments in the theory of mrket demand?
24. Analyze Friedman-Savage hypothesis and contrast it with Markowitz hypothesis
25. Explain the production function of a multiproduct firm
26. Define asymmetric information. Why can asymmetric information between buyers and sellers lead to market failure when a market is perfectly competitive?

(12 x 2 = 24)