Reg. No ....   Name **17P102**

M. A. DEGREE END SEMESTER EXAMINATION- NOVEMBER 2017
SEMESTER 1 : ECONOMICS
COURSE : **16P1ECOT01 ; MICROECONOMIC THEORY - I**
(Common for Regular - 2017 / Supplementary - 2016 Admissions)

Time : Three Hours   Max. Marks: 75

Section A
Answer any 8 (2 marks each)

1. Explain Preference hypothesis
2. What is meant by indirect utility function?
3. What do you mean by Homothetic Preference?
4. What is duality in consumer behavior analysis?
5. Distinguish between risk and uncertainty
6. Bernoullian hypothesis
7. Bounded rationality
8. Accounting cost
9. Engineering cost
10. State the relationship between MC and AC
11. Search cost
12. Physical capital – specificity

(2 x 8 = 16)

Section B
Answer any 7 (5 marks each)

13. Explain linear expenditure system
14. Explain Time allocation model of Garry S Becker
15. What is Veblen Effect? How it is different from Bandwagon effect
16. Why do an individual take insurance? Explain it in the framework of expected utility
17. Explain the Neumann-Morgenstern method of constructing the utility index.
18. What is homogenous production function? Discuss its features
19. Define real economies. What are the different types of real economies?
20. Briefly explain the engineering cost curves
21. Define asset specificity. What are the different types of asset specificity?
22. Write a note on Spence model of market signaling

(5 x 7 = 35)

Section C
Answer any 2 (12 marks each)

23. Discuss Hick's "Direct consistency test", Derive his demand theorem on this basis.

24. Do you think that the traditional approach to demand analysis is pragmatic? In this context, explain the recent developments in the theory of market.

25. Analyze Friedman-Savage hypothesis and contrast it with Markowitz hypothesis

26. Explain the choice of optimal combination of factors of production

(12 x 2 = 24)