

Reg. No .....

Name .....

23U224

**B. A. DEGREE END SEMESTER EXAMINATION : MARCH 2023**

**SEMESTER 2 : ECONOMICS**

**COURSE : 19U2CRECO2 : PRINCIPLES OF MICROECONOMICS**

*(For Regular - 2022 Admission and Improvement / Supplementary – 2021/2020/2019 Admissions)*

Time : Three Hours

Max. Marks: 75

**PART A**

**Answer All (1 mark each)**

1. Define Long run cost curve.
2. Define market mechanism.
3. What is meant by 'ceteris paribus'?
4. Define pragmatic approach.
5. Define inferior goods.
6. Define revealed preference theory.
7. Define Isoquants.
8. Define marginal utility.
9. Define unitary elasticity of demand.
10. What is marginal product?

**(1 x 10 = 10)**

**PART B**

**Answer any 8 (2 marks each)**

11. Distinguish between real cost and money cost
12. Why does the problem of choice arise?
13. Illustrate positive income effect by using income consumption curve.
14. Comment on the limitations of microeconomics.
15. Define economies of scale.
16. Distinguish between divergent and convergent Cobwebs.
17. Distinguish between positive and negative cross elasticity of demand.
18. Define expansion path.
19. Demand function of 3 individuals are given below. Find out market demand function  
 $Q_a = 20 - 2p$   
 $Q_b = 35 - 3p$   
 $Q_c = 40 - 5p$   
Draw a market demand curve for the given prices  
5, 10, 15 and 20
20. State the law of diminishing marginal utility.

**(2 x 8 = 16)**

**PART C**

**Answer any 5 (5 marks each)**

21. Explain the economies of large scale production.
22. Explain cross elasticity of demand for substitute and complementary goods.

23. Enlist the internal and external diseconomies of scale.
24. Explain Hicksian concept of compensating variations in income.
25. Discuss the interrelationship between assumptions and reality.
26. The market demand and supply function of a commodity are given as under  
 $Q_d = 180 - 15P$   
 $Q_s = 80 + 10P$ 
  - i) Draw demand and supply curves at some hypothetical prices
  - ii) Find the equilibrium price and quantity
  - iii) Calculate the price elasticity of demand at the point of equilibrium
27. Explain in detail the properties of indifference curve.

**(5 x 5 = 25)**

#### **PART D**

#### **Answer any 2 (12 marks each)**

28. What do you understand by change in supply and change in demand ? Describe the factors which affect change in supply and change in demand? illustrate with the help of diagrams.
29. Explain consumer's equilibrium under ordinal utility analysis.
30. What is meant by cost function? Give an account of the short run and long run cost curves.
31. State and explain the Law of variable proportions with the help of suitable diagram.

**(12 x 2 = 24)**