

M. A. DEGREE END SEMESTER EXAMINATION : NOVEMBER 2024**SEMESTER 1 : ECONOMICS****COURSE : 21P1ECOT01 : MICROECONOMIC THEORY - I***(For Supplementary/Improvement 2023 /2022/ 2021 Admission)*

Duration : Three Hours

Max. Weights: 30

PART A**Answer any 8 questions****Weight: 1**

1. Assumption of Ordinal utility analysis. (U, CO 1)
 2. St. Petersburg paradox (An, CO 2)
 3. State the difference between the traditional indifference curve and the indifference curve used by Lancaster (A)
 4. Define the "load factor" (U, CO 3)
 5. Draw the graph showing the Isocline of non-homogeneous production function (A, CO 3)
 6. Supernumerary Income (R, CO 1)
 7. Markowitz hypothesis (E, CO 2)
 8. Why can't all activities in the economy be organized by a single gigantic firm? (U, CO 4)
 9. Friedman savage hypothesis (An, CO 2)
 10. Quasilinear utility (R, CO 1)
- (1 x 8 = 8)**

PART B**Answer any 6 questions****Weights: 2**

11. Give an account of Cobb-Douglas preferences (An, CO 1)
 12. Give an example of a fair game and show its expected money value? (A, CO 2)
 13. Critically evaluate the Coasian approach to the boundaries of the firm (E, CO 4)
 14. "Not all monotonic transformations preserve the homogeneity property of a utility function". Discuss (E, CO 1)
 15. Why do an individual take insurance? Explain it in the framework of expected utility? (An, CO 2)
 16. Classify production functions on the basis of elasticity of substitution (A, CO 3)
 17. Analyse the major shortcomings of C-D function? (An, CO 3)
 18. Discuss household time allocation model ? (An, CO 1)
- (2 x 6 = 12)**

PART C**Answer any 2 questions****Weights: 5**

19. Evaluate the properties of Cobb-Douglas production function (E, CO 3)
 20. "Utility is derived from the characteristics of goods consumed" State the theoretical model which supports this statement. Discuss the superiority of this theory over traditional theory of demand. (E, CO 1)
 21. Using a hypothetical example, illustrate the Neumann-Morgenstern utility index ? (E, CO 2)
 22. Evaluate the market failures caused by asymmetric information (E, CO 4)
- (5 x 2 = 10)**

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
CO 1	The knowledge of consumer behaviour enables the student in taking rational buying decisions and also help a firm to design suitable marketing strategies	U	1, 6, 10, 11, 14, 18, 20	14
CO 2	Equip with the knowledge and skill in effective decision making under uncertain market situations, and also understands the importance of time allocation and household management	A	2, 7, 9, 12, 15, 21	12
CO 3	Develops the skill in analyzing business phenomena in terms of transaction cost saving.	E	4, 5, 16, 17, 19	11
CO 4	Discuss the economic level of information search possible under different situations and the concept of bounded rationality	An	8, 13, 22	8

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;