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FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
 First Semester MA Degree Examination, November 2018
 MECO1B01 – Micro Economics theory and Application I
 (2017 Admission onwards)

Max. Time: 3 hours

Max. Weightage: 36

PART – A

Answer all questions.

Each bunch of four questions carries Weightage 1.

A. Multiple choice

1. Which of the following is incorrect with respect to the new approach to consumer theory? (a) The characteristics of a good and not the good itself give rise to utility
 (b) a consumer's equilibrium is shown in good or commodity space
 (c) a good usually possesses more than one characteristic
 (d) a given characteristic is usually possessed by more than one good
2. In constant elasticity type demand function of the form

$$Q_x = b_0 \cdot P_x^{b_1} \cdot P_0^{b_2} \cdot Y^{b_3} \cdot e^{b_4 t}$$

b_3 represents

- | | |
|--------------------------------|---------------------------------|
| (a) income share | (b) income elasticity of demand |
| (c) cross elasticity of demand | (d) price elasticity of demand |
3. Positive network externality in which a consumer wishes to possess a good in part because others do is called

(a) Bandwagon effect	(b) Snob effect
(c) Veblen effect	(d) Keynes effect
 4. Maximum amount of money that a risk averse person will pay to avoid taking a risk is called

(a) sinking fund	(b) mutual fund
(c) risk premium	(d) value of information

B. Multiple choice

5. Concept of scale economies applies in

(a) long run with constant technology	(b) long run with variable technology
(c) short run with constant technology	(d) short run with variable technology
6. Joint output of a single firm is greater than output that could be achieved by two different firms when each produces a single product is called

(a) economies of scale	(b) economies of scope
(c) diseconomies of scale	(d) diseconomies of scope
7. Elasticity of substitution is

(a) The substitution of cheaper inputs for dearer inputs.	(b) The rate at which the inputs (labour and capital) are substituted.
(c) A measure of the responsiveness of input ratio to a change in input-price ratio.	(d) A measure of the responsiveness of input prices and the substitution of the cheaper inputs

8. With reference to the Cournot model determine which of the following statements is false.
- The duopolists do not recognize their interdependence.
 - Each duopolist assumes the other will keep its quantity constant.
 - Each duopolist assumes the other will keep its price constant.
 - The solution is stable

C. Fill in the Blanks

- The model of Managerial Enterprise is associated with _____
- The oligopoly model in which the businessman assumes that his competitors output are fixed and simultaneously decide how much to produce is _____
- In the entry prevention model of Bain, firms charge premium over _____
- A game where the gains of one player equal the losses of the other is called _____

D. State True or False

- An individual for whom the marginal utility of money is constant; he or she is indifferent to a fair bet is a risk lover.
- In case of capital deepening technical progress, increase in marginal product of labour is equal to increase in marginal product of capital
- Elasticity of substitution in case of CES production function is one.
- Actuarially fair is a situation in which an insurance premium is equal to the expected payout

(4 x 1 = 4 Weightage)

PART – B

Short answer questions

Answer any ten questions not exceeding one page each.

- How network externalities affect consumption of individuals ?
- How can risk be reduced by businessmen?
- Discuss the pragmatic approach to the theory of demand.
- Discuss the constant elasticity of demand function.
- Explain Lancaster's characteristic approach to demand theory.
- Distinguish between economies of scale and economies of scope.
- Explain short run and long run engineering cost curves.
- What is meant by Learning curve?
- Explain the main characteristics of an oligopolistic market and equilibrium of a firm facing kinked demand curve.
- Explain Stackelberg's duopoly model of market.
- Indicate with a suitable illustration the manner in which one can get a solution to a two person constant sum game without a saddle point.
- Explain how an oligopoly firm maximizes its growth rate in the Marris model.

(10 x 2 = 20 Weightage)

PART – C

Essay Questions

Answer any three not exceeding three pages

- Discuss critically the modern utility analysis of 'choice involving risk'.
- Explain the Distributed Lag models of Demand.
- Describe the CES production function and its properties.
- Explain Baumol's sales maximization theory.
- Give the Bertrand solution to duopoly. How does it differ from the Cournot solution?

(3 x 4 = 12 Weightage)

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
First Semester MA Degree Examination, November 2018
MEC01B02 – Macro Economic Theories and Policies – I
(2017 Admission onwards)

Max. Time: 3 hours

Max. Weightage: 36

PART – A

Answer all questions.

Each bunch of four questions carries weightage 1.

A. Multiple choice

1. Under the supply side economics
 - (a) there will a sharp reduction in tax rate
 - (b) interest rate will be reduced
 - (c) wage rates will be lowered
 - (d) all the above
2. One of the following schools of thought doesn't believe in economic policies

(a) Keynesian's	(b) Monetarist's
(c) Rational expectationalists	(d) none of the above
3. Buyers are rationed in both labour markets and goods market under .

(a) stagnating economy	(b) Classical unemployment
(c) Keynesian unemployment	(d) none of the above
4. According to absolute income theory
 - (a) the APC falls as disposable income increases
 - (b) the APC is constant
 - (c) past and present incomes affect consumption
 - (d) consumption is proportional to disposable income in the long run

B. Multiple choice

5. As the stock of capital increases the marginal efficiency of capital

(a) increases	(b) declines
(c) remains constant	(d) may not change
6. Which of the following is relevant to relative income hypothesis?
 - (a) consumption income relationship is reversible
 - (b) autonomous character of a consumer's spending pattern
 - (c) saving gap may continue to rise over a period of time
 - (d) consumers find it easier to increase consumption than to reduce it
7. IS schedule will not shift to left when a

(a) decrease in government spending	(b) decrease in taxes
(c) decrease in investment expenditure	(d) an autonomous decrease in investment
8. In classical system which of the following keeps the economy at full employment

(a) increase in money supply	(b) level of saving
(c) adjustment in investment	(d) adjustment in money wages

C. Fill in the Blanks

9. If interest elasticity of money demand is low, LM schedule is relatively _____
10. The accelerator model predicts that the changes in investment are determined by the changes in _____
11. Under Keynesian unemployment, if there is an increase in money wages, output _____
12. Fluctuations in the economy caused by policy maker's manipulation of the economy for the purpose of affecting electoral outcomes is known as _____

D. State True or False

13. Crowding out occurs when a reduction in income taxes results in a higher interest rate, which crowds out interest sensitive private sector spending.
14. The political business cycle refers to a situation where corporate executives also hold political office.
15. If people have rational expectations, an announced monetary contraction by the central bank that is credible could reduce inflation with little or no increase in unemployment.
16. Wage price rigidity is an important obstacle to automatic full employment in Keynesian theory. (4 x 1 = 4weightage)

PART – B

Short answer questions

Answer any ten questions not exceeding one page each.

17. What differences are generally noticed between the short run and long run behavior of the consumption function? How do you explain these differences?
18. Examine critically the life cycle consumption hypothesis.
19. Distinguish between marginal efficiency of capital and marginal efficiency of investment.
20. Explain the multiplier accelerator interaction and give its uses in business cycle..
21. Explain Tobin's q theory of investment.
22. Use ISLM framework to explain the joint determination of the rate of interest and the level of income.
23. Explain why the aggregate demand curve slopes downward in the ISLM curve model.
24. What is monetarism? Describe the essence of monetarism.
25. Explain the concept of rational expectations. Explain the implications of the rational expectations assumption for the effectiveness of economic stabilization policy.
26. Explain the political business cycle theory.
27. Explain insider-outsider model.
28. Explain the Keynesian labour market. (10 x 2 = 20 weightage)

PART – C

Essay Questions

Answer any three not exceeding three pages

29. How does the permanent income hypothesis resolve the seemingly contradictory pieces of evidence regarding consumption behaviour?
30. Contrast the classical and Keynesian views of the way labour markets function.
31. Describe the propagation mechanisms used in real business cycle theory. Explain how it works.
32. Explain the effects of government monetary and fiscal policy within the ISLM curve model.
33. New classical economists believe that in useful macroeconomic models (1) agents optimize and (2) markets clear. Do the models that emerge from the new Keynesian research effort have either or both of these properties? Explain.

(3x4 =12 Weightage)

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

First Semester MA Degree Examination, November 2018

MECO1B03- Indian Economy Since Reforms

(2017 Admission onwards)

Max. Time: 3 hours

Max. weightage : 36

PART – A

*Answer all questions.**Each bunch of four questions carries weightage 1.***A. Multiple choice**

1. Liberalisation of industrial licensing refers to abolition of:
A. FERA B. FEMA C. MRTP D. FERA & MRTP
2. Revenue deficit + Capital Expenditure – Capital receipts less borrowings refers to:
A. Fiscal Deficit B. Revenue Deficit
C. Current Account Deficit D. Balance of payments Deficit
3. National Income in India is computed by:
A. NSSO B. RBI C. CME D. CSO
4. The National Income estimate for the year 2014 – 15 was based on the base year:
A. 2000-2001 B. 1990-91 C. 2011-12 D. None of these

B. Multiple choice

5. The concept of Hindu Growth rate was coined by:
A. Raj Krishna B. A.K Sen C. Bimal Jalan D. K.N Raj
6. The report of the Committee on Disinvestment of the shares in public sector enterprises was chaired by:
A. Sukumoy Chakravarty B. Govind Rao C. Aravind Subhramainan D. C. Rangarajan
7. Who is the Governor of RBI?
A. C. Rangarajan B. Urjit Patel C. C. Bimal jalan D. Aravind Subhramainan
8. Persons who remained unemployed for a major part of the year is called:
A. Under Unemployment B. Disguised unemployment
C. Chronic unemployment D. None of these

C. Fill in the Blanks

9. -----is the rate at which the central bank of a country lends money to commercial banks in the event of any shortfall of funds.
10. Article 27 of ----- text states that India may provide for protection of plant varieties either by patent or by an effective sui generis system .
11. ----- is known as broad money
12. Union government expenditure on health and education is ----- during the last five years

D. State True or False

13. One of the reasons for the decline of Indian agriculture is Decline in investment
14. Patent Seeds Act (2004) Government of India has stipulated that seeds growers should get their seeds patented
15. The objective of mutual funds is mobilize the savings from the public and invest them in stock market
16. The important objective of SEBI is to control the financial market

(4 x 1 =4 Weightage)

PART – B

Short answer questions

Answer any ten questions not exceeding one page each.

17. Explain the role of SEZ in the industrial development
18. What are the problems of service sector led growth in Indian economy?
19. Explain the problem of NPAs of commercial bank
20. Write a note farm size and productivity
21. Explain the reason for stagnating employment growth in India during the last few years.
22. What are the reasons for stagnation of Indian agriculture?
23. Explain the channels of monetary transmission.
24. Explain the trends in Kerala migration survey 2018.
25. Explain the causes of social exclusion in Kerala
26. Explain the social issues in the formation of SEZ
27. Explain the causes of fiscal crisis in Kerala
28. What are the causes of inequalities in India ?

(10 x 2 = 20 Weightage)

PART – C

Essay Questions

Answer any three not exceeding three pages

29. Explain the major changes in the post liberalized economy in Kerala
30. Explain the trends in trade balance in India during the post 1990s
31. Critically evaluate the performance of Indian agriculture during the post liberalized scenario.
32. What are the causes industrial backwardness of Kerala?
33. Critically evaluate the Fiscal policy reforms in India

(3x4 =12Weightage)

II . Fill in the Blanks for the following questions

9. Vogel's Approximation Method is used to find the initial solution of
10. Any nonnegative solution which satisfies all the constraints is known asproblem.
11. Expectation of a constant is
12. Limit of distribution function is.....

III. State True or False for the following questions

13. Probability of an impossible event is one.
14. An LPP can be solved graphically only when there are two variables.
15. Integration of $1/x^2$ is $1/x$.
16. If A and B are two independent events $P(A \cap B) = P(A) P(B)$

(4 x 1 = 4 weightage)

PART – B

Short answer questions

Answer any 10 questions. Each question carries weightage 2.

17. Use graphical method to
Minimize $Z = 30x_1 + 20x_2$ Subject to the constraints
 $-x_1 - x_2 \geq -8$;
 $-6x_1 - 4x_2 \leq -12$;
 $5x_1 + 8x_2 = 20$;
 $x_1 \geq 0, x_2 \geq 0$
18. Explain LPP with the help of an example.
19. Solve the following assignment problem

Person\Job	1	2	3	4
A	20	25	22	28
B	15	18	23	17
C	19	17	21	24
D	25	23	24	24

20. Describe the axiomatic definition of probability..
21. Find $\int_2^4 3x^2 (x^3 + 1) dx$

What are the rules of integration?

$P(A) = 0.3$ $P(B) = 0.2$ $P(A \cup B) = 0.4$ Find $P(AB)$? Examine whether A and B are independent .

If A,B,C are independent show that AUB and C are independent.

Show that $E(aX + b) = aE(X) + b$

Define row moment and central moment. $\mu_1' = 1$, $\mu_2' = 4$ Find $V(X)$?

State and prove the addition theorem of probability in the case of two events.

Distinguish between discrete and continuous random variables. Define distribution function of a random variable and write down two properties.

(10 x 2 = 20 weightage)

PART – C

Essay Questions

Answer any 3 questions. Each question carries weightage 4.

Find the optimum basic feasible solution for the following transportation problem.

From\To	W_1	W_2	W_3	Supply
F_1	2	7	4	5
F_2	3	3	1	8
F_3	5	4	7	7
F_4	1	6	2	14
Demand	7	9	18	34

1. State and prove Baye's theorem.

Using simplex method solve the system of equations

$$x_1 - x_3 + 4x_4 = 3, 2x_1 - x_2 = 3, 3x_1 - 2x_2 - x_4 = 1, x_1, x_2, x_3, x_4 \geq 0$$

2. Among applicants to a post 60% are males and the rest are females.

While 60% of the male applicants are graduates, only 50% of the female applicants are graduates. If a graduate is selected to the post, what is the probability that selected candidate is a male?

33. Define a random variable. Let X be a discrete random variable with a probability distribution given by

X	0	1	2	3	4	5
$P(x)$	K^2	$K/4$	$5K/2$	$k/4$	$2k^2$	k^2

Find the value of k and then find the distribution function of X .

(3 x 4 = 12 weightage)