

2M1N20039

(Pages : 4)

Reg. No:.....

Name: .....

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

First Semester MA Economics Degree Examination, November 2020

MEC1C01 – Micro Economics : Theory and Applications - I

(2020 Admission onwards)

Time: 3 hours

Max. Weightage : 30

**SECTION- A**

*This section consists of 15 questions having 0.2 weightage each . All questions may be answered. Total weightage is 3.*

1. The Bandwagon effect corresponds to which of the following
  - a. snob effect
  - b. External economy
  - c. negative network externality
  - d. positive network externality
2. Which of the following are related to kinked demand curve analysis
  - I. Rival raises the price in response to price increase
  - II. Rival reduces the price in response to price decrease
  - III. Rival reduce the price in response to price increase
  - IV. Rival remains indifferent to price increase.
  - a. I and II
  - b. II and IV
  - c. III and IV
  - d. I and IV
3. Which of the following is **not** a hallmark of oligopolistic firm
  - a. There are few sellers of a good
  - b. Prices are sticky
  - c. Firms do not expect likely retaliatory reaction from rivals
  - d. All the above
4. Markowitz model is also called
  - a. Mean-variance model
  - b. Utility model
  - c. Game theory model
  - d. Zero sum model
5. A Linear Homogenous Production Function shows
  - a. Increasing returns to scale
  - b. Constant returns to scale
  - c. Diminishing returns to scale
  - d. None of these
6. The paradox in decision-making analysis in which two individuals by pursuing their self-interest do not produce the optimal outcome is called
  - a. Kinked demand curve
  - b. Snob Effect
  - c. Prisoners' dilemma
  - d. Invisible Hand

7. Consider the following statement  
Nash equilibrium outcome in a Cournot duopoly is not pareto optimal  
a. True      b. False      c. Neither a nor b      d. Indecisive
8. Monopsony means  
a. Many sellers and a single buyer      b. Many sellers and a few buyers  
c. Many buyers and sellers q      d. Very few sellers and very few buyers
9. Under bilateral monopoly, equilibrium is  
a. determined by demand and supply      b. Can't be determined  
c. Determined by monopolist      d. Determined by monopsonist
10. Utility maximisation model is ascribed to  
a. Oliver Williamson      b. J.S.Mill      c. Gerny Bentham      d. Alfred Marshall
11. Under cartel  
a. Mutual rivalry among oligopolists exist each other  
b. Tacit consent among oligopolists exist each other  
c. Decision on price and output is referred to a third person outside the purview of market  
d. Price-output decision is unilaterally determined
12. Economies of scale are  
a. Reaped in the short run by reducing average costs over a range of output  
b. Reaped in the long run by reducing average costs over a range of output  
c. Reaped when scale of production is contracted in the long run  
d. Reaped when scale of production is expanded in the short run
13. In the equation  $Q = A [aC^{-\theta} + (1-\alpha)L^{-\theta}]^{-1/\theta}$  'A' denotes  
a. Homogeneity      b. Efficiency      c. Substitutability      d. Complementarity
14. The Linear Expenditure System is introduced by  
a. Minhas      b. Arrow      c. Solow      d. Stone
15. Consider the following statements  
I. While risk can't be insured, uncertainty can.  
II. Uncertainty can't be measured whereas risk can be.  
III. In risk, the possibility of a future outcome can be predicted, but it is not possible in the case of uncertainty.  
IV. It is not possible to quantify uncertainty, but risk can be.  
Which of these statements are correct ?  
a. I,II,IV      b. II, III, IV      c. I,III,IV      d. I,II,III,IV)

(Total Weightage 3)

**SECTION- B**  
**SHORT ANSWER TYPE**

*This section consists of eight questions having 1 weightage each. Answer any five questions .*

16. Write short note on Constant elasticity demand function
17. Linear homogenous production function
18. Risk pooling
19. Economies of scale
20. Cartel
21. Long run average cost
22. Zero sum game
23. Pragmatic approach to demand

(Total Weightage 5)

**SECTION-C**  
**SHORT ESSAY QUESTIONS**

*This section consists of ten questions . Answer any seven. Each carries 2 weightage.*

24. What is Marginalist controversy
25. Distinguish between repeated games and sequential games
26. Discuss in brief prisoner's dilemma
27. Explain Cobb- Douglas Production function
28. Elucidate modern theory of cost
29. What is Markowitz hypothesis
30. Briefly explain Linear Expenditure System
31. Explain the peculiarities of goods characteristics approach developed by Nerlov,Howthacker and Taylor.
32. Discuss Freedman-Savage hypothesis
33. Briefly explain Limit pricing model of Bain-Sylos

(Total Weightage 14)

**SECTION-D**  
**ESSAY QUESTIONS**

*This section consists of four questions . Answer any two. Each carries 4 weightage.*

34. What do you mean by risk measurement ? How are choices made under risky situations according to Neumann and Morgenstern ?
35. Critically examine Antoine Augustin Cournot model of Oligopoly
36. Explain the role of Network Externality in consumption? Distinguish between Bandwagon and Snob effects in the context of network externality?
37. Critically analyse Sales Maximisation theory of William Jack Baumol

**(Total Weightage 8)**

2M1N20041

(Pages : 4)

Reg. No:.....

Name: .....

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

First Semester MA Degree Examination, November 2020

MEC1C03– Indian Economy, Problems &amp; Policies

(2020 Admission onwards)

Time: 3 hours

Max. Weightage : 30

**Part A (Multiple Choice Questions)***Answer all questions**Each question carries 1/5 weightage*

1. Which of the following regions is India's largest trade engagement?  
(a) Africa                      b)Asia                      c)Europe                      d)America
2. Poverty Gap is:  
(a) The difference between the poverty line and actual income levels of all those living below that line  
(b) Gap between the rich and the poor  
(c) Gap between the developed nations and developing nations  
(d) Gap in infrastructural facilities in developed countries and developing countries.
3. Inflation is caused as a result of:  
(a) Increase in money supply  
(b) Fall in production  
(c) Increase in money supply without a corresponding increase in production  
(d) Decrease in money supply without a corresponding decrease in production
4. India earns maximum foreign exchange from the export of :  
(a) Garments                      b)Cotton  
(c)Jutes                              d)Jems and jewellery
5. The author of the book "An Uncertain Glory: India and its Contradictions"  
(a) Kaushik Basu                      b)Raghuram Rajan  
(c)Amartya Sen                      d)Jagdish Bhagwati

6. Financial liberalisation indicates:
- (a) Hike in the CRR and SLR
  - (b) Enhancement of direct credit programmes
  - (c) Deregulation of determination of interest rates
  - (d) Barriers on foreign banks in their entry
7. When was the first agriculture Census of India conducted?
- (a) 1970                      b)1880                      c)1934                      d)1960
8. What is Twin Balance Sheet problem?
- (a) It indicates both banks and corporate sector balances sheets are under stress
  - (b) It indicates both revenue deficit and fiscal deficit
  - (c) It indicates bot fiscal deficit and current account deficit
  - (d) None of these
9. The study "Poverty, Unemployment and Development policy: A case study of selected issues with reference to Kerala" was conducted by:
- (a) State Planning Board                      b)Centre for Development Studies  
c)World Bank                      d)Planning Commission
10. Gender paradox in Kerala refers to:
- (a) High female labour force participation and high educational attainment of females
  - (b) Low female labour force participation and low educational attainment of females
  - (c) High female labour force participation and low educational attainment of females
  - (d) Low female labour force participation and high educational attainment of females
11. Sex ratio in India as per the Census 2011:
- (a) 933                      b)943                      c)930                      d)927
12. Disguised unemployment means:
- (a) Productivity of workers is low
  - (b) Large number of people remains unemployed
  - (c) Marginal productivity of labour is zero
  - (d) None of these
13. A budgetary deficit means:
- (a) Total expenditure is more than current revenue
  - (b) Capital expenditure is more than capital revenue
  - (c) Current expenditure is more than current revenue
  - (d) Total expenditure is more than total revenue



**Part D (Essay Questions)**  
*Answer any two questions*  
*Each question carries a weight of 4*

34. Discuss the New Industrial Policy 1991.
35. Discuss the important estimates of Poverty special focus on Lakdawala, Tendulkar and Rangarajan Committees.
36. Critically examine the impact of Gulf Migration on consumption, investment and saving in Kerala economy.
37. Briefly review the Agricultural performance in Indian economy and point out important reasons for agricultural stagnation in India.

**(2 x 4 = 8 Weightage)**





8. Efficiency wage model explains:
- a) There is no relationship between productivity of labour and the real wage paid to the workers.
  - b) Productivity of labour depends inversely on the real wage paid to the workers.
  - c) Productivity of labour depends directly on the real wage paid to the workers.
  - d) None of the above
9. Which is not true in the case of relative income hypothesis?
- a) Consumption relations are reversible over time
  - b) Consumption relations are irreversible over time
  - c) Consumption behaviour of individuals is interdependent
  - d) Consumption behaviour of individuals is not independent
10. Which school of thought used the concept (i) implicit contract theories; (ii) efficiency wage theories etc to explain real wage rigidity
- a) Monetarist
  - b) New Keynesian economics
  - c) New classical schools
  - d) Classical school
11. Acceleration means the effect of:
- a) Investment on income
  - b) Consumption on Investment
  - c) Savings on income
  - d) Income on investment
12. Permanent Income Hypothesis developed by:
- a) Keynes
  - b) Modigliani
  - c) Milton Friedman
  - d) Duesenberry
13. Which of the following is not an assumption of simple Keynesian model of income determination?
- a) Demand creates its own supply
  - b) The aggregate price level remains fixed
  - c) Excess production capacity in the economy
  - d) Supply creates its own demand
14. Super multiplier shows:
- a) Effect of investment on income only
  - b) Effect of consumption on investment only
  - c) Multiplier- accelerator interaction
  - d) None of the above

15. The contradiction between Kuznets empirical findings and Keynes 'consumption function' known as
- Consumption Puzzle
  - Water-Diamond Paradox
  - Paradox of thrift
  - None of the above

### **PART B**

#### **Short Answer Questions**

**Answer any 5 (Weightage for each Question 1. Total Weightage -5)**

16. Explain the stock market theory of investment.
17. What you mean by 'Crowding out effect'?
18. State Keynes 'Psychological law of consumption'.
19. Explain 'real balance effect'.
20. Write a note on 'Fiscalism'.
21. What is 'Effective demand'?
22. Briefly explain Fisher's Inter-temporal Choice Model.
23. What is money illusion?

### **PART C**

#### **Short Essay Questions**

**Answer any 7 (Weightage for each Question 2. Total Weightage -14)**

24. Derive IS curve mathematically and graphically.
25. "The decision to supply of labour automatically become the decision to demand goods". Explain in the context of Unitary Decision hypothesis.
26. How Life Cycle Hypothesis reconcile the short run variability and long run constancy of income and consumption ratio?
27. Why Efficiency wage model argues for the payment of efficiency wage to labourers?
28. Explain the term "hysteresis" using insider-outsider model.
29. Examine the impulse and propagation mechanism in the context of Real Business Cycle theory.
30. What is MEC? Explain its role in Keynesian Investment Theory.
31. Explain accelerator theory of investment.
32. What are the basic tenets of Monetarism?
33. "Most of the changes in GNP we observe are permanent and there is no tendency of output to revert to its former trend following a shock and GNP tend to evolve as a statistical process known as random walk". Briefly explain this hypothesis.

**PART D**

**Essay Questions**

**Answer any 2 (Weightage for each Question 4. Total Weightage -8)**

34. Summarize Hicks-Hansen IS-LM Model and evaluate its policy effectiveness in classical, intermediate and Keynesian ranges.
35. Outline the similarities of monetarist and Keynesians views on great depression.
36. Discuss Keynesian theory of income, output and employment determination.
37. How Malinvaud explains the equilibria with rationing in labour market and goods market?

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

First Semester MA Degree Examination, November 2020

MEC1C04- Quantitative Methods for Economic Analysis - I

(2020 Admission onwards)

Time: 3 hours

Max. Weightage : 30

## Part A : Objective Type Questions

Answer *all* questions.Each question carries  $\frac{1}{5}$  weightage

## I. Multiple choice:

- North-West corner rule is used for solving
  - transportation problem
  - assignment problem
  - all types of LPP
  - dynamic programming problem
- If in an LPP the constraints are of  $\leq$  type, then the constraints in the dual problem will be of
  - $\geq$  type
  - $\leq$  type
  - $=$  type
  - depends on the objective function
- $\int_a^b f(x)dx$  can be interpreted geometrically as the area enclosed by the curve  $y = f(x)$ , the ordinates at  $x = a$ ,  $x = b$  and
  - $x$ -axis
  - tangent to the curve
  - $y$ -axis
  - None of these
- If  $p$  denotes the probability of an event  $A$ , then
  - $0 \leq p \leq 1$
  - $-1 \leq p \leq 1$
  - $-\infty \leq p \leq \infty$
  - $p \geq 1$
- $\frac{d}{dx} \left( \frac{-x^2}{2} \right)$  is
  - $x$
  - $2x$
  - $-2x$
  - $-x$
- If  $A$  and  $B$  are mutually exclusive events, then  $P(A \cup B)$  is
  - $P(A) + P(B) - P(A \cap B)$
  - $P(A) + P(B)$
  - $P(A) + P(B) - P(A)P(B)$
  - $P(A)P(B)$
- If  $A$  and  $B$  are any two events, then  $P(A|B)$  is
  - $\frac{P(A \cap B)}{P(B)}$
  - $\frac{P(A \cap B)}{P(A)}$
  - $P(A)$
  - $\frac{P(A)}{P(B)}$

## II. Fill in the Blanks:

8. The marginal revenue for 10 units sold, if the total revenue function  $R$  is given by  $R = 100x - 2x^2$ , is \_\_\_\_\_
9. If a card is drawn from a pack of cards, the probability of getting a red card is \_\_\_\_\_
10. If  $A$  and  $B$  are any two events and  $P(A) = 0.5$ ,  $P(B) = 0.6$  and  $P(A \cap B) = 0.3$  then  $P(A \cup B)$  is \_\_\_\_\_
11. If the derivative of a function at a point is zero, then the slope of the function at that point is \_\_\_\_\_

## III. State True or False:

12. If a function attains maximum at a point then the first order derivative of the function at that point is less than zero.
13. The probability of an impossible event is 1.
14. If  $f(x)$  denotes the p.d.f of a continuous random variable, then  $\int_{-\infty}^{\infty} f(x)dx = 1$ .
15. If  $A$  and  $B$  are two independent events, the  $P(A \cap B) = 0$ .

(15 ×  $\frac{1}{5}$  = 3 weightage)

## Part B : Short Answer Questions

Answer *any 5* questions.

Each question carries 1 weightage

16. Write down the dual of the LPP

$$\text{Minimize : } z = x_1 - x_2 + 3x_3$$

Subject to :

$$x_1 + x_2 + x_3 \geq 10$$

$$2x_1 - x_3 \geq 2$$

$$2x_1 - 2x_2 - 3x_3 \geq 6$$

$$x_1, x_2, x_3 \geq 0.$$

17. What is meant by a transportation problem?
18. Explain integration by parts.

19. What is the probability of having 53 sundays in a leap year?
20. Evaluate  $\int_0^{\infty} 3e^{-3x} dx$ .
21. State addition and multiplication rules of probability. What is meant by the independence of two events  $A$  and  $B$ ?
22. Define distribution function of a random variable. What are its properties?
23. Let  $A$  and  $B$  be two events such that  $P(B) = 0.5$  and  $P(A \cup B) = 0.7$ . Find  $P(A)$  if
- $A$  and  $B$  are mutually exclusive.
  - $A$  and  $B$  are independent.

(5 x 1 = 5 weightage)

**Part C : Short Essay Questions**

Answer *any 7* questions.

Each question carries 2 weightage

24. Solve graphically

$$\text{Maximize : } z = 180x_1 + 150x_2$$

Subject to :

$$4x_1 + 2x_2 \leq 40$$

$$x_1 + 3x_2 \leq 15$$

$$x_1, x_2 \geq 0.$$

25. Find the optimal assignment of managers to cities so that the total turn over is maximum.

	$C_1$	$C_2$	$C_3$	$C_4$
$M_1$	42	35	28	21
$M_2$	30	25	20	15
$M_3$	30	25	20	15
$M_4$	24	20	16	12

26. Integrate  $y = x^2 \log x$ .

27. Determine the maximum value of  $4x^3 + 9x^2 - 29x + 20$ .

28. If the cost function is given by,  $C(x) = 2 + 3x + 6x^2$ , find the marginal cost of producing 10 units.

29. Find the elasticity of demand for the function  $y = 100 - x - x^2$  when  $y = 50$ .
30. The probability that a student passes in English test is  $\frac{2}{3}$  and the probability that he passes both in English and Mathematics tests is  $\frac{14}{45}$ . If the probability that he passes atleast one test is  $\frac{4}{5}$ , what is the probability that he passes the English test?
31. Evaluate  $k$  if the following is a probability distribution of a discrete random variable  $X$ .  
Also obtain  $P(1 \leq X \leq 3)$ .
- |        |   |               |               |                |                |
|--------|---|---------------|---------------|----------------|----------------|
| $X$    | : | 0             | 1             | 2              | 3              |
| $p(x)$ | : | $\frac{1}{6}$ | $\frac{1}{2}$ | $\frac{k}{10}$ | $\frac{1}{30}$ |
32. What is meant by conditional probability? State the multiplication theorem for independent events  $A$  and  $B$ .
33. Define mathematical expectation. Illustrate with an example.

(7 x 2 = 14 weightage)

**Part D : Essay Questions**

Answer *any 2* questions.

Each question carries 4 weightage

34. Solve using simplex method  
Maximize :  $z = 45x_1 + 8x_2$   
Subject to :
- $$5x_1 + 20x_2 \leq 400$$
- $$10x_1 + 15x_2 \leq 450$$
- $$x_1, x_2 \geq 0.$$
35. What are the conditions for attaining a maximum and minimum values of a continuous function  $f(x)$ ? Find the maximum profit that a company can make if the profit function is given by  $p(x) = 62 - 40x - 9x^2$ .
36. Discuss in detail the different definitions of probability.
37. State Bayes theorem.  
Among applicants to a post 70% are males and the rest are females. While 50% of the male applicants are graduates, 70% of the female applicants are graduates. If a graduate is selected to the post, what is the probability that the selected candidate is a female?

(2 x 4 = 8 weightage)