

TIME: 40 minutes

MAXIMUM MARKS: 30

SEM	SET	PAPER CODE	TITLE OF THE PAPER
II	2014	14PEC2105	ADVANCED MICRO ECONOMICS-II

**SECTION - A****Answer all the questions:****30 × 1 = 30****Choose the correct answer:**

- Sales revenue maximization as an alternative goal to
  - Profit maximization
  - Growth maximization
  - Product maximization
  - All of these
- Baumol's theory of sales revenue maximization has
  - Static model
  - Dynamic model
  - Both a & b
  - None of these
- Baumol model aims at
  - Super normal profit
  - Satisfactory profit
  - Spectacular profit
  - None of these
- Non-price competition under Baumol model means
  - Advertisement
  - Product differentiation
  - Service
  - All of these
- Under Baumol's dynamic model, cost curve is
  - U shaped
  - Saucer shaped
  - L shaped
  - None of these
- Under Marris's model, the goal of the firm is
  - Balanced rate of growth
  - Unbalanced rate of growth
  - Partial rate of growth
  - None of these

7. Rent is the price paid for the use of
  - a) Capital
  - b) Organization
  - c) Labour
  - d) Land
8. Profits are the reward for
  - a) Land
  - b) Capital
  - c) Labour
  - d) Organization
9. The dynamic theory of profit was propounded by
  - a) J.B. Clark
  - b) J.M. Keynes
  - c) Marshall
  - d) Adam Smith
10. The Innovation theory was introduced by
  - a) Adam Smith
  - b) J.B. Clark
  - c) Schumpeter
  - d) None of the above
11. The Risk theory was propounded by
  - a) F.B. Hawley
  - b) Schumpeter
  - c) J.B. Clark
  - d) Karl Marx
12. The uncertainty – bearing theory was introduced by
  - a) F.B. Hawley
  - b) H.Knight
  - c) Karl Marx
  - d) None of these
13. The locus of Pareto Optimality in production and consumption is given by
  - a) The social welfare function
  - b) The utility possibility curve
  - c) The transformation curve
  - d) The granted utility possibility curve
14. Pareto optimum implies
  - a) A resource allocation for which a Pareto improvement is possible
  - b) A resource allocation in which social improvement is possible
  - c) A resource allocation for which at least one is better off and nobody is worse off
  - d) A resource allocation for which there are no Pareto improvements

15. Social Welfare function is assumed
- a) Theoretically
  - b) Axiomatically
  - c) Hypothetically
  - d) Empirically
16. Pareto optimality can take place at any point on
- a) Laffer curve
  - b) Engel curve
  - c) Contract curve
  - d) Lorenz curve
17. Which one of the following is NOT the assumption of Pareto Optimality?
- a) Existence of perfect competition
  - b) Absence of externalities
  - c) Cardinal nature of utility
  - d) Utility is ordinal
18. Which of the following explains the meaning of economic welfare?
- a) Total satisfaction derived from the consumption of economic and non-economic goods and services.
  - b) Economic satisfaction derived from the consumption of economic goods and services
  - c) Sum of satisfaction derived by an individual
  - d) Satisfaction derived by the society as a whole
19. General equilibrium theory was propounded by
- a) Adam Smith
  - b) Marshall
  - c) Walras
  - d) None of these
20. Partial equilibrium theory was propounded by
- a) Alfred Marshall
  - b) Adam Smith
  - c) Walras
  - d) None of these
21. General equilibrium theory is of
- a) Product market
  - b) Factor market
  - c) Both a & b
  - d) None of these
22. The real flow is of
- a) Exchange of goods
  - b) Services of factors
  - c) Both a & b
  - d) None of these

