

Q1.	<p>Identify the false statement for the cost function</p> <ul style="list-style-type: none"> a. The cost function is non-decreasing in input prices b. The cost function is homogeneous of degree one in input prices c. Convex in input prices d. Continuous in input prices <p>Answer c</p>
Q2.	<p>In a Hicksian demand function</p> <ul style="list-style-type: none"> a. the level of income is held constant b. the level of utility is held constant c. the price level is held constant d. the level of quantities is held constant <p>Answer b</p>
Q3.	<p>The indirect utility function is strictly increasing in income, non-increasing in prices, quasi-convex and</p> <ul style="list-style-type: none"> a. homogenous of degree zero in prices and income b. homogenous of degree one in prices and income c. homogenous of degree two in prices and income d. is independent of prices and income <p>Answer a</p>
Q4.	<p>The impact on a consumer's welfare when a certain some of money is taken away at the original price level which reduces the consumer's welfare by the same amount is known as</p> <ul style="list-style-type: none"> a. Slutsky effect b. Income effect c. Equivalent variation d. Compensating variation <p>Answer c</p>
Q5.	<p>Pareto efficiency is defined as</p> <ul style="list-style-type: none"> a. an allocation of goods where each person has received the most equitable portion possible b. an allocation of goods where, once achieved, no one can be made better off without making someone else worse off c. an output level of goods that has been produced at the lowest cost possible d. an allocation of goods that maximizes wealth for all. <p>Answer b</p>
Q6.	<p>The Second theorem of Welfare Economics deals with</p> <ul style="list-style-type: none"> a. distribution of initial endowments b. ownership of initial endowments c. production of initial endowments d. consumption of initial endowments <p>Answer a</p>
Q7.	<p>The stability of general equilibrium requires that the total value of excess demands for any given price is</p> <ul style="list-style-type: none"> a. positive b. zero c. negative d. can be positive or negative <p>Answer b.</p>