



K19P 0210

Reg. No. :

Name :

**II Semester M.A. Degree (Reg./Suppl./Imp.) Examination, April 2019
(2014 Admission Onwards)**

Economics/Applied Economics/Development Economics

ECO 2C 05 : MICRO ECONOMIC THEORY – II

Time : 3 Hours

Max. Marks : 60

PART – A

Choose the correct answer. Answer **all** questions. **All** questions carry **equal** marks.

1. Which among the following is an assumption of the neoclassical theory of the firm ?
 - a) The entrepreneur is also the owner of the firm
 - b) The firm has a single goal, that of profit maximization
 - c) This goal is attained by application of the marginalist principle
 - d) All the above
2. Pareto-optimality automatically exists in
 - a) Perfect competition
 - b) Monopoly
 - c) Monopolistic competition
 - d) Oligopoly
3. Zero-sum is a situation in game theory in which the net change in wealth or benefit is always
 - a) Positive
 - b) Negative
 - c) Unity
 - d) None of the above
4. The book, "*Growth and income distribution: Essays in economic theory*" was authored by
 - a) Sylos
 - b) Modigliani
 - c) Baumol
 - d) Pasinetti

P.T.O.



5. A mark up rule refers to the pricing practice of a producer with market power, where a firm charges a fixed mark up over its
- Average cost
 - Average variable cost
 - Marginal cost
 - Total cost
6. Identify the name associated with the model of managerial discretion
- Marris
 - Baumol
 - Bain
 - Williamson
7. Which among the following is **not** a postulation of Euler's Product Exhaustion Theorem ?
- It assumes a linear standardised production of first degree which implies invariable returns to scale
 - It assumes that the factors are complementary
 - It assumes that factors of production are indivisible
 - There is perfect competition
8. Component/s of Ricardo's theory of distribution include/s
- Diminishing returns to labour working on a fixed supply of land
 - The tendency of universal competition to equalize returns to investment
 - The Malthusian theory of population from which emerges the iron law of wages
 - All the above

(8×½=4)

PART – B

Answer **any eight** questions. **Each** question carries **2** marks.

- Define marginal productivity.
- Explain product exhaustion theorem.
- What is elasticity of factor substitution ?
- What is meant by zero-sum game ?
- Prepare a note on average cost pricing.



14. What are the assumptions of Bain's limit pricing ?
15. Briefly explain Scitovsky criterion.
16. What do you know about saddle point ?
17. Define technological progress.
18. Distinguish between partial and general equilibrium.
19. Explain the term *widow's cruse*.

(8×2=16)

PART – C

Answer **any four** questions. **Each** carries **5** marks.

20. Explain the marginal productivity theory of distribution.
21. Critically examine the postulations of Kaldor-Hicks compensation criteria.
22. Examine Wicksteed's solution of product exhaustion problem with Euler's Theorem.
23. What are the factors affecting the wage differences of workers ?
24. Explain social welfare function.
25. Point out the importance of game theory in economics.

(4×5=20)

PART – D

Answer **any two** questions. **Each** question carries **10** marks.

26. Critically examine Kaldor's theory of distribution.
27. Summarize the Hall and Hitch report and the 'Full-Cost' pricing principle.
28. Explain Marris's model of the managerial enterprise.
29. Examine the general equilibrium theory of Walras.

(2×10=20)