K21P 0681

II Semester M.A. Degree (CBSS–Reg./Suppl. (Including Mercy Chance)/ Imp.) Examination, April 2021
(2014 Admission Onwards)
ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS
ECO 2C05 : 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. The neo-Keynesian theory of distribution was as originally formulated by
   a) Kaldor   b) Marx   c) Kalecki   d) Pasinetti

2. Component/s of Ricardo's theory of distribution include/s
   a) Diminishing returns to labour working on a fixed supply of land
   b) The tendency of universal competition to equalize returns to investment
   c) The Malthusian theory of population from which emerges the iron law of wages
   d) All the above

3. The concept of quasi-rent was introduced in economic theory by
   a) Ricardo   b) Marshall   c) J. S. Mill   d) Adam Smith

4. The book, "Growth and income distribution : essays in economic theory" was authored by
   a) Sylos   b) Modigliani   c) Baumol   d) Pasinetti

5. Identify the **wrong** statement relating to limit pricing model developed by Sylos-Labini.

   a) The model of limit-pricing is based on scale-barriers to entry.

   b) The technology consists of two types of plants.

   c) The price is set by the price leader who is the largest firm, with the lowest cost at a level low enough to prevent entry.

   d) There is a normal rate of profit in each industry.

6. If a firm has no dominant strategy, it is called

   a) Pure strategy

   b) Prisoner's dilemma

   c) Nash equilibrium

   d) Saddle point

7. The slope of an isoquant is called

   a) Price ratio

   b) Elasticity of substitution

   c) Marginal rate of substitution

   d) Marginal rate of technical substitution

8. Which among the following is an assumptions 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

(8×½=4)

PART – B

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

9. Explain mark up rule of pricing.

10. Distinguish between partial equilibrium and general equilibrium.

11. Define marginal productivity.

12. Explain Euler's theorem.

13. Define surplus value.

14. What are the factors affecting the monopoly power ?

15. Define bliss point.

16. Prepare a note on welfare economics.

17. Prepare a note on prisoner's dilemma.

18. What do you know about widow's cruse ?

19. Distinguish between economic earnings and rental earnings.   (8×2=16)

PART – C

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

20. Explain Kalecki's 'degree of monopoly' theory.

21. Explain social welfare function.

22. Briefly explain Scitovsky criterion.

23. Critically examine the postulations of Kaldor-Hicks compensation criteria.

24. Summarize the Hall and Hitch Report and the 'Full-Cost' Pricing Principle.

25. What are the factors affecting the wage differences of workers ?   (4×5=20)

PART – D

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

26. Explain the marginal productivity theory of distribution.

27. Critically examine Pareto efficiency criterion.

28. Examine Baumol's theory of sales revenue maximization.

29. Explain Bain's limit pricing theory. Discuss the contribution of Sylos Labini in the theory.   (2×10=20)