



M 27279

Reg. No. : .....

Name : .....

**II Semester M.A./M.Sc./M.Com. Degree ( Reg./Supple./Imp.)**  
**Examination, March 2015**  
**Economics (2013 & Earlier Admn.)**  
**Paper IV – MICRO ECONOMICS (Part – II)**

Time : 3 Hours

Max. Marks : 80

**PART – A**

Objective type questions (Answer all questions).

1. The Economics of scale exist only upto a certain size of plant, which is known as optimum plant size assumed by
 

a) Traditional theory of firm	b) Modern theory of firm
c) Managerial theory of firm	d) Behavioural theory of firm
  
2. Under Game theory the most preferred strategies are called
 

a) Maximin strategy	b) Minimax strategy
c) Specific strategy	d) Dominant strategy
  
3. Sylos Labini's model of limit pricing is based on
 

a) Entry preventing process	b) Barriers to competition
c) Non-homogeneous oligopoly	d) Scale barriers to entry
  
4. The normal profit is earned by firms under
 

a) Perfect competition	b) Imperfect competition
c) Monopolistic competition	d) None of these
  
5. Rent is a "Differential Surplus" according to
 

a) Marshall	b) Marx
c) Ricardo	d) Ronald Coase
  
6. "Stock" means
 

a) Actual Supply	b) Potential Supply
c) Anticipated Supply	d) None of these

P.T.O.



7. Kaldor – Hicks developed
- a) Compensation Criterion                      b) Maximization criterion  
c) Optimality criterion                          d) Social welfare criterion
8. The monopolists cannot survive on the market by the availability of
- a) Substitute goods                              b) Complementary goods  
c) Durable goods                                 d) Perishable goods
9. Limit Price is a price in between
- a) Average Price and Marginal Price  
b) Total Price and Monopoly Price  
c) Competitive Price and Average Price  
d) Monopoly Price and Competitive Price
10. The development of new, efficient and better production techniques to make a given, improved or an entirely new product is called
- a) Technological progress                      b) Economics of scale  
c) Innovation                                      d) Invention                                      (10×1=10)

## PART – B

Answer **any eight** questions. **Each** answer should not exceed 1½ Page.

11. Explain production and production function.
12. Define pure strategy and dominant strategy.
13. Explain marginal cost-pricing.
14. What do you mean by Modigliani-Sylos Postulate ? Explain.
15. What is Saddle Point ? Discuss.
16. Explain Euler's Theorem.
17. What do understand by externality ? Distinguish between negative externality and positive externality.
18. What are the criteria of Social Welfare ?
19. Explain point of bliss.



20. What is a "Contract Curve" ? Explain Edgeworth's contract curve.
21. What are the assumptions of game theory ?                                      (8×3=24)

## PART – C

## (Short Essays)

Answer **any four** questions. **Each** answer should not exceed 2½ Page.

22. Explain alternative widow's cruse models.
23. Distinguish between functional distribution and personal distribution. Also explain technological progress and income distribution.
24. Explain modified model of Postineeti.
25. What is a public goods ? Explain optimal output of public goods.
26. Explain Arrow's impossibility theorem.
27. Explain elasticity of factor substitution. Also bring out the link between factor price and elasticity of factor substitution.                                      (4×5=20)

## PART – D

## (Long Essays)

Answer **any two** questions. **Each** answer should not exceed 6 pages.

28. Explain Technological progress and Income distribution - Write note on factor pricing and income distribution.
29. What are the basic assumptions of the Neo classical theory ? Explain Hall and Hitch report and the "Full Cost Pricing Principle".
30. What is an "equilibrium" ? Explain general equilibrium theory of Leon Walras.
31. What do you mean by Welfare maximizing output mix ? How welfare maximizing output mix is determined ? Due to beneficial and detrimental externalities there is the possibility of misallocation of resources. Explain.                                      (2×13=26)