



K18P 0159

Reg. No. : .....

Name : .....

**Second Semester M.A. Degree (Regular/Supplementary/Improvement)**  
**Examination, March 2018**  
**ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS**  
**(2014 Admn. Onwards)**  
**ECO 2C 05 : Micro Economic Theory – II**

Time : 3 Hours

Max. Marks : 60

**PART – A**

Answer **all** questions (objective type)

1. Pareto-optimality automatically exists in
 

a) Perfect competition	b) Monopoly
c) Monopolistic competition	d) Oligopoly
  
2. 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
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3. The concept of quasi-rent was introduced in economic theory by
 

a) Ricardo	b) Marshall	c) J S Mill	d) Adam Smith
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4. 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
  
5. Identify the names associated with Widow's cruse
 

a) Keynes	b) Kaldor	c) Kalecki	d) All the above
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6. According to degree of monopoly theory of Kalecki
- Wage share of national income is constant
  - Degree of monopoly power is used to explain distributive share
  - Agriculture is subject to perfect competition
  - All the above
7. A markup 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
8. The theory of tatonnement is the contribution of
- Clark
  - Kaldor
  - Walras
  - Pareto
- (8×½=4)**

## PART – B

Answer **any eight** questions.

- What is meant by zero-sum game ?
- Briefly explain Scitovsky criterion.
- Explain mark up rule of pricing.
- Discuss the meaning of technological progress.
- Distinguish between partial equilibrium and general equilibrium.
- Explain welfare economics.
- Discuss the meaning and scope of theory of distribution.
- Narrate the meaning and types of externality.
- Write a note on elasticity of factor substitution.
- What is average cost pricing ?
- Differentiate between rent and quasi rent. **(8×2=16)**



## PART – C

Answer **any four** questions.

- Examine Wicksteed's solution of product exhaustion problem with Euler's Theorem.
- Discuss marginal productivity theory of distribution.
- Comment on the backward-bending supply curve of labour.
- Evaluate the Pareto optimality criterion. Bring out the major points criticism.
- Summarize the Hall and Hitch Report and 'Full-Cost' Pricing Principle.
- Explain the theory of the second best. **(4×5=20)**

## PART – D

Answer **any two** questions.

- Explain Kalecki's 'degree of monopoly' theory.
- Discuss the general equilibrium theory of Walras.
- Explain Bain's limit pricing theory. Discuss the contributions of Sylos Labini and Franco Modigliani in the theory.
- Explain Baumol's theory of sales revenue maximization. Bring out its limitations. **(2×10=20)**