



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



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
- a) Average cost                      b) Average variable cost  
c) Marginal cost                    d) Total cost
6. Identify the name associated with the model of managerial discretion
- a) Marris                              b) Baumol  
c) Bain                                d) Williamson
7. Which among the following is **not** a postulation of Euler's Product Exhaustion Theorem ?
- a) It assumes a linear standardised production of first degree which implies invariable returns to scale  
b) It assumes that the factors are complementary  
c) It assumes that factors of production are indivisible  
d) There is perfect competition
8. 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

(8×½=4)

## PART – B

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

9. Define marginal productivity.
10. Explain product exhaustion theorem.
11. What is elasticity of factor substitution ?
12. What is meant by zero-sum game ?
13. 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)