

20P226

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Name.....

Reg. No.....

SECOND SEMESTER M.A. DEGREE EXAMINATION, APRIL 2021

(CUCSS - PG)

CC19P ECO2 C05 - MICRO ECONOMICS: THEORY AND APPLICATIONS II

(Economics)

(2019 Admission- Regular)

Time: Three Hours

Maximum:30 Weightage

Part A

Answer **all** questions Each Bunch of five question carries 1/5 weightage.

1. The economist associated with Lemons theory is _____
a) Kalecki b) Keynes c) Akerlof d) Kaldor
2. Nicholas Kaldor explains compensation criteria from _____ point of view
a) Losers b) Gainers c) Both a and b d) None of the above
3. Coase theorem deals with _____ goods
a) Private b) Semi private
c) Public d) Both Private and Public
4. In proper capital budgeting analysis we evaluate incremental _____
a) Cash flows b) Profit
c) Accounting income d) All the above
5. Pareto Optimality Criterion is also known as the theory of _____
a) Second Best b) First Best c) Constraints d) Feasibility
6. Internal Rate of Return and Time adjusted Rate of Return are the same
a) True b) False c) Can't be specified d) None
7. Golden Parachutes is associated with _____
a) Lemons theory b) Efficiency wage theory
c) Principal Agent Problem d) None
8. Long term investment decisions is also known as _____
a) Profitability index b) Capital budgeting
c) IRR d) None of the above
9. Working capital is also known as _____ capital
a) Fixed b) Revolving c) Circulating d) Both b and c

10. _____ studies the effects of psychological, cognitive, emotional, cultural and social factors on the decisions of individuals and institutions and how those decisions vary from those implied by classical economic theory.

- a) Financial Economics b) Behavioral economics
c) New Classical Economics d) Both b & c

11. The term Golden Parachutes is associated with _____

- a) Lemons theory b) Efficiency wage theo
c) Principal Agent Problem d) None

12. _____ is not a characteristic of Public Goods

- a) Non Excludability b) Non Rivalary
c) Rivalary d) All the above

13. The _____ is a hypothetical price ; it is the price that a person would be willing to pay for a little more of the good, if someone were to offer her a little more of the good.

- a) Monopoly Price b) Peak Load price
c) Capital Asset Pricing d) Lindahl price

14. _____ describes the relationship between systematic risk and expected return for assets, particularly stocks.

- a) Capital Asset Pricing Model b) IRR
c) CRR d) All the above

15. The Key concept in Rawlsian social welfare function is what he termed as the _____

- a) Difference Principle b) Equality Principle
c) Marginal Principle d) None of the above

(15 x 1/5 = 3 Weightage)

Part B (Very short answer Type Questions)

Answer any *five* questions. Each question carries 1 weightage.

16. What is meant by Market signaling?

17. Explain Coase theorem.

18. Give few methods for correcting market failure.

19. What is free rider problem?

20. Explain Externalities

21. Define Rawl's theory of justice

22. Distinguish between real and nominal interest rate.

23. Explain adverse selection problem.

(5 x 1 = 5 Weightage)

Part C (Short answer Type Questions)

Answer any *seven* questions. Each question carries 2 weightage.

24. How we can determine rate of return?

25. Write a note on Kaldor-Hicks compensation Crtiterion.

26. Write a short note on the effects of changes in r?

27. Compare first and second theorem of welfare economics?

28. Explain Scitovsky's criterion.

29. Explain the Net present Value criterion?

30. Explain Arrows impossibility theorem.

31. What do you mean by Lindahl Pricing?

32. How pricing of risky asset is undertaken?

33. Write a note on positive and negative externalities in production and consumption?

(7 x 2 = 14 Weightage)

Part D (Essay Type Questions)

Answer any *two* questions. Each question carries 4 weightage

34. What do you mean by Pareto optimality? Explain the basic conditions for the attainment of Pareto optimality.

35. Critically evaluate Arrows impossibility theorem.

36. Explain Capital Asset Pricing Model.

37. Diagrammatically explain Lemon's theory?

(2 x 4 = 8 Weightage)

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