

15P225

(Pages: 2)

Name.....

Reg. No.....

SECOND SEMESTER M.A. DEGREE EXAMINATION, JULY 2016

(CUCSS)

(Economics)

CC 15P ECO2 C05 - MICRO ECONOMICS: THEORY AND APPLICATIONS -II
(2015 Admission)

Time: Three Hours

Maximum: 36 Weightage

Part A - Objective Type Questions
(Answer *all* questions)

1. Input-output analysis deals almost exclusively with -----.
(a) production (b) consumption (c) distribution (d) All of these
2. The first and simplest general equilibrium model was introduced by -----.
(a) Jeremy Bentham (b) Vilfredo Pareto (c) Leon Walras (d) none of these
3. 'The Foundations of Welfare Economics' is the book written by -----.
(a) Hicks (b) Kaldor (c) Walras (d) none of these
4. Arrow's impossibility theorem is associated with:
(a) search cost (b) welfare economics (c) input-output analysis (d) All of these
5. ----- is not a problem of asymmetric information.
(a) adverse selection (b) lemons problem (c) market signaling (d) moral hazard
6. Euler's theorem says that if each factor is paid according to ----- total product get exhausted.
(a) AP (b) MC (c) MP (d) AC
7. Pareto optimality condition will hold good in:
(a) Monopoly (b) oligopoly (c) perfect competition (d) duopoly
8. According to whom share of profit in NI is a function of degree of monopoly power:
(a) Marx (b) Ricardo (c) Kaldor (d) Kalecki
9. Low quality goods can drive high quality goods out of the market are associated with:
(a) moral hazard (b) lemons problem (c) principal agent problem (d) none of these
10. Linear programming is associated with the name of:
(a) Dantzig (b) Morgenstern (c) Scitovsky (d) Coase
11. Problem of moral hazard due to asymmetric information is put forwarded by:
(a) Arrow (b) Akerlof (c) Michel Spence (d) Garret Hardin
12. Which of the following economists is not associated with welfare economics?
(a) Amartya Sen (b) Arrow (c) Kaldor (d) Kalecki

(12 x $\frac{1}{4}$ = 3 weightage)

Part B - Very Short Answer Type Questions
(Answer *any five* questions not exceeding **one** paragraph)

13. Define Coase theorem.
14. Explain Bergson's social welfare function
15. What is Search cost?
16. Explain Scitovsky criterion
17. What is meant by simplex method?
18. Distinguish between public good and social good.
19. Explain Moral hazard.
20. What are the negative externalities in consumption and production?

(5 x 1 = 5 weightage)

Part C - Short Answer Type Questions
(Answer *any eight* questions not exceeding **one** page)

21. Explain Sen's theory of welfare.
22. What are the marginal conditions of Pareto optimality?
23. What is linear programming? Give the graphical solution.
24. Explain Kaldor's theory of distribution.
25. Examine the lemons problem to explain the problem of asymmetric information.
26. Explain searching for the lowest price.
27. How market signalling work as a solution to adverse selection?
28. What is meant by the principal-agent problem?
29. Explain the theory of second best.
30. Explain Clark-wicksteed-walras product exhaustion theorem
31. Critically examine Ricardian theory of distribution.

(8 x 2 = 16 Weightage)

Part D - Essay Type Questions
(Answer *any three* questions not exceeding **three** pages)

32. Explain the main features of input output analysis.
33. Examine the problems of asymmetric information. What are its welfare implications?
34. Explain the externalities in production and consumption.
35. Critically examine Arrow's impossibility theorem.
36. Evaluate the relevance of Marxian theory of income distribution in the modern era.

(3 x 4 = 12 Weightage)
