



Avinashilingam Institute for Home Science and Higher Education for Women

(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)

Re-accredited with 'A+' Grade by NAAC. Recognised by UGC Under Section 12B

Coimbatore - 641 043, Tamil Nadu, India

Master's Degree Examination – June / July 2021 II Semester

Class : I PG
Major : Economics

Time : 3 Hours
Max. Marks: 100

20MECC07 Micro Economic Theory II

Part A Choose the Correct Answer

10 x 1 = 10

- Which of the following market types has the fewest number of firms?
a. perfect competition b. monopoly c. monopolistic competition d. oligopoly
- Supernormal profit refers to
a. High proportion of net profit
b. Minimum necessary profit to induce an entrepreneur to remain in business
c. Unexpectedly high Profit d. Residual surplus
- By sales maximisation, Baumol means maximisation of _____
a. total revenue b. total cost c. total product d. total sales
- Williamson has developed _____ theory which is also known as the 'managerial discretion theory managerial-utility-maximisation'
a. managerial-utility-maximisation b. managerial-utility-minimization
c. utility-maximisation d. utility-maximisation
- The theory of general equilibrium addresses bargaining
a. mainly in an environment with asymmetric information
b. not at all
c. when there are Pareto improvements possible
d. with the assumption of utility / profit maximizing players
- The importance of the theory of general equilibrium is that it
a. formulates guidelines for competition policy
b. serves as a benchmark for the development of theory regarding organizations
c. is objective
d. extends the law of comparative advantages
- Under perfect competition in labour market, a firm will employ the amount of labour at which wage rate = _____ of labour
a. MRP b. TRP c. TU d. MU
- Trade unions sole purpose is
a. to increase productivity b. to protest
c. to protect and promote workers interest d. to conflict
- Welfare economics is the study of how
a. the allocation of resources affects economic well-being.
b. a price ceiling compares to a price floor.
c. the government helps poor people.
d. a consumer's optimal choice affects the demand curve.
- Who argued that welfare is improved when 'the greatest good (is secured) for the greatest number'
a. Walras b. Adamsmith c. Bentham d. Pareto

Part - B

5 x 6 = 30

Answer ALL questions

Each answer should not exceed 400 words or two pages

- 11.a. Explain the features of perfect competition.
(or)
- 11.b. What are the most important features of monopolistic competition?
- 12.a. Explain the assumptions of Baumol's sales maximisation model.
(or)
- 12.b. Point out the criticism of Marris model of balanced growth.
- 13.a. Explain the circular flow of income in two sector economy.
(or)
- 13.b. What are the assumptions of general equilibrium theory?
- 14.a. How are factor prices determined under imperfect competition?
(or)
- 14.b. Explain the role of trade unions in increasing the level of wages.
- 15.a. What are the contributions of classical economists to welfare?
(or)
- 15.b. What are the marginal conditions for Pareto optimality?

Part C

5 x 12 = 60

Answer ALL questions

Each answer should not exceed 800 words or four pages

- 16.a. Illustrate the Edgeworth's Duopoly model.
(or)
- 16.b. Explain the theory and limitations of kinked demand curve model.
- 17.a. Critically examine the Cyert and March's behavioural theory of firm.
(or)
- 17.b. Explain Williamson's model of managerial discretion with diagram.
- 18.a. Explain the merits and demerits of general equilibrium model.
(or)
- 18.b. Examine the general equilibrium model in production and consumption.
- 19.a. How are **wages determined in a bilateral monopoly**? Explain in detail
(or)
- 19.b. How are the labourers exploited in monopolistic and monopsonistic competition?
Briefly explain the measures to reduce exploitation of labour.
- 20.a. Critically examine Arrow's impossibility theorem.
(or)
- 20.b. Critically evaluate Bergson's social welfare function.
