

**Avinashilingam Institute for Home Science and Higher Education for Women  
Coimbatore - 641 043, Tamil Nadu, India**

**Class: I PG**

**Max. Marks: 60**

**Major/Branch: Economics**

**Time: 2 hrs**

**Paper Code/ Name: 23MECC07/ Micro Economic Theory-II**

**CONTINUOUS INTERNAL ASSESSMENT I – Feb' 2025**

**Course Learning Outcomes:**

1. Knowledge about market structure, factor pricing and welfare.
2. Understand the different approaches to the theory of firm and distributions.
3. Comprehend the implications of General equilibrium analysis.
4. Evaluating the conditions for optimality.
5. Evolving policy measures for welfare maximisations.

**Part- A**

**Circle Correct the Answer**

**(1X6=6)**

1. Which of the following factors is a characteristic of imperfect competition?  
a. A large number of buyers and sellers b. No knowledge on product prices c. Individual firms spend a considerable amount on advertising d. Restrictions on entry into or exit from the industry
2. The behavioural theory of the firm developed by  
a. Baumol b. Cyert and March c. Marris d. Williamson
3. A 'discretionary investment' in Williamson's model represents  
a. A way of spending surplus profit b. an additional investment undertaken by managers in excess of that required for the normal operation of the firm c. a free and anonymous gift by managers to charity d. a gift by managers to shareholders by means of an additional dividend
4. In Bertrand's model the reaction curves are derived from iso-profit maps which are  
a. convex to the axes b. concave to the axes c. straight line d. downward sloping
5. Dumping refers to  
a. Reducing tariffs b. Sale of goods abroad at a lower price, below their cost and price in their home market c. Buying goods at low prices abroad and selling at higher prices locally d. Expensive goods selling for low prices
6. From the macro point of view, an economy is divided into how many sectors.  
a. 2 b. 3 c. 4 d. 5

**Part - B**

**Answer the following questions**

**(3X6=18)**

- 7 a. What is Perfect Competition? Explain their features? (or)  
b. Elucidate the price discrimination in Monopoly market
- 8 a. Briefly explain Marris model of balanced growth (or)  
b. Inspect Edgeworth model of leadership in Oligopoly market
- 9 a. Describe the circular flow in a two sector economy  
b. Depicts the Cournot's model in duopoly market

**Part – C**

**Answer the following questions**

**(3X12=36)**

- 10 a. Illustrate the features of Imperfect competition and explain the short run and long run equilibrium of the firm and industry in perfect competition market with figure (or)  
b. Discuss about how the firm follows price rigidity in Oligopoly firm and explain the price leadership Oligopoly market
- 11 a. Critically explain the Baumol's sales maximization model with implications (or)  
b. How Cyert and March developed the Behavioural model for a firm
- 12 a. what is the meaning of general equilibrium analysis? Explain its assumptions and how the General Equilibrium System is working in economy (or)  
b. Discuss the General equilibrium in production and exchange with the help of edge worth diagram