

C 61499

(Pages : 3)



Name.....
Reg. No.....

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2019

(CCSS)

Economics

ECO 2C 05—MICRO ECONOMIC THEORY AND POLICY-II

(2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

Multiple choice Questions :

1. Welfare Economics is generally accepted as :
 - (a) Positive Economics.
 - (b) Normative Economics.
 - (c) Static Economics.
 - (d) None of the above.
2. Which of the following is not included in the assumptions of Clark's marginal productivity theory of distribution ?
 - (a) Perfect competition.
 - (b) Constant population.
 - (c) Constant amount of capital.
 - (d) Labor as heterogeneous.
3. The concept of quasi-rent means :
 - (a) The wages to the workers.
 - (b) The rent shared by the workers and the landlord.
 - (c) The return to a factor of production which is fixed in supply in the short-period only.
 - (d) None of the above.
4. According to Kaldor- Hicks compensation criterion, the proposed change will increase social welfare if :
 - (a) The gains are equal to losses.
 - (b) The losses are greater than the gains.
 - (c) The gains are greater than the losses.
 - (d) None of the above.

Turn over

5. The concept of social welfare function was first introduced by :
 (a) Kaldor. (b) Samuelson.
 (c) Pareto. (d) Bergson.
6. The iron law of wages is :
 (a) Marginal Productivity Theory. (b) Wage fund Theory.
 (c) Collective bargaining. (d) The subsistence theory of wages.
7. Marginal Productivity theory of distribution was first formulated in its complete form by :
 (a) Adam Smith. (b) Ricardo.
 (c) J. S. Mill. (d) J. B. Clark.
8. The idea of 'Lemons' was propounded by :
 (a) Akerlof. (b) Bergson.
 (c) Sen. (d) Scitovsky.
9. The idea of quasi-rent was propounded by :
 (a) David Ricardo. (b) Alfred Marshall.
 (c) Jeremy Bentham. (d) Marx.
10. The return to a factor of production which is fixed in the short run is :
 (a) Scarcity rent. (b) Quasi rent.
 (c) Contractual rent. (d) Economic rent.

(10 × 1 = 10 marks)

Part B (Very Short Questions)

Answer all questions in one or two sentences.

Each question carries 2 marks.

Answer in one or two sentences each.

11. What is a public good ?
12. List some positive externalities.
13. Explain Marginal Productivity Theory.
14. Explain Efficiency Wage Theory.
15. What do you mean by Moral Hazard ?

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

*Answer any **eight** questions.
Each question carries 5 marks.*

16. How does adverse selection happen ?
17. Discuss Pareto -Optimality Criterion.
18. Evaluate Kaldor- Hicks Compensation Criterion.
19. Explain Arrow's Impossibility Theorem.
20. Explain Sen's Capability Approach.
21. Explain Williamson's model of transaction cost.
22. Explain Scitovsky's double criterion.
23. Explain Ricardian Theory of Rent.
24. Explain Akerlof's theory of 'Lemons'.
25. Explain the economic importance of linear programming.
26. Explain Coase theorem with respect to the problem of externalities.
27. Write a note on Hawkin- Simon Condition.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

*Answer any **two** questions.
Each question carries 10 marks.*

28. Illustrate Walrasian model of general equilibrium.
29. State the concept of asymmetric information and explain in detail how it works in insurance market.
30. Discuss Input- Output Analysis.
31. Explain Euler's theorem and adding up controversy.

(2 × 10 = 20 marks)