

SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2016

(CCSS)

Economics

* ECO2 C05—MICRO ECONOMIC THEORY AND APPLICATIONS

(2013 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

*Answer all questions.
Each question carries 1 mark.*

1. The other name for value theories :
 - (a) Wage Theories.
 - (b) Capital theories.
 - (c) Price theories.
 - (d) None of the above.
2. Marshall's value theory falls under the classification of :
 - (a) Classical theories.
 - (b) Modern theories.
 - (c) Neo-classical theories.
 - (d) None of the above.
3. Graffn's critique was against :
 - (a) Classical theories.
 - (b) Modern theories.
 - (c) Neo-classical theories.
 - (d) None of the above.
4. LP model was developed by :
 - (a) Simon Knznets.
 - (b) Kenneth J.Arrow.
 - (c) Dantzing.
 - (d) None of the above.
5. Saddle point exists if :
 - (a) Maximum value < mini max value.
 - (b) Maximin value > mini max value.
 - (c) Maximin value = mini max value.
 - (d) None of the above.
6. 'Prisoner's dilemma' is a concept widely discussed in :
 - (a) CPM.
 - (b) PERT.
 - (c) Game theory.
 - (d) None of the above.
7. Free Rider problem arises in :
 - (a) Private Goods.
 - (b) Public Goods.
 - (c) Joint Goods.
 - (d) None of the above.

Turn over

8. Pareto optimality criterion refers to :
- (a) Commercial efficiency. (b) Social efficiency.
(c) Economic efficiency. (d) None of the above.
9. The concept of social welfare function was first introduced by :
- (a) Pigon. (b) Marshall.
(c) Bergson. (d) None of the above.
10. Divergence between Private costs and social costs is :
- (a) Consumer surplus. (b) Producer surplus.
(c) Externalities. (d) None of the above.

(10 × 1 = 10 marks)

Part B

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

11. Briefly explain J.S.Mill's value theory.
12. Discuss Alfred Marshall's theory of value.
13. Briefly explain the Dual Problem with an example.
14. Explain North-West corner method.
15. Briefly explain Pure strategy and mixed strategy games with an example.
16. What is a saddle point ? Illustrate in with an example.
17. Write a brief note on the application of LP and transposition solution in Micro Economics.
18. Briefly discuss the application of game theory of obigopoly markets.
19. Bring out the link between Externalities and public goods.
20. Briefly explain theory of second Best.
21. What is social welfare function ? Explain.
22. Briefly explain Rawalsian concept of justice.

(8 × 5 = 40 marks)

Part C

*Answer any **two** questions.
Each question carries 15 marks.*

23. Discuss in detail Graffn's critique of neo-classical theory of value.
24. Explain and illustrate vogel's approximation method with an example
25. Write a detailed note on common property Resources. Elaborate their role in welfare Economics.
26. Explain and illustrate Amartya Sen's contribution to modern Welfare Economics.

(2 × 15 = 30 marks)