

M.A DEGREE EXAMINATION, APRIL 2024
BRANCH III - ECONOMICS
SECOND SEMESTER

COURSE : CORE

PAPER : MICROECONOMICS ANALYSIS - II

SUBJECT CODE : 23EC /PC/MI24

TIME : 3 HOURS

MAX. MARKS: 100

Q. No.	SECTION A PART – A	CO	KL
	Answer any TWO out of THREE questions in about 150 words each. (2 X 5 = 10)		
1	Define oligopoly and explain the key characteristics of an oligopolistic market structure	1	1
2	What is the Prisoner's Dilemma in game theory, and how does it relate to the behaviour of firms in an oligopoly?	1	1
3	Briefly explain the concept of factor pricing under perfect and imperfect market conditions.	1	1
Q. No.	PART – B	CO	KL
	Answer any TWO out of THREE questions in about 150 words each. (2 X 5 = 10)		
4	Distinguish between collusive and non-collusive oligopoly, providing examples of each.	2	2
5	Explain the concept of "first-mover advantage" in the context of strategic competition among firms.	2	2
6	Discuss the significance of Euler's theorem in the theory of factor distribution.	2	2
Q. No.	SECTION B PART – A	CO	KL
	Answer any TWO out of THREE questions in about 400 words each. (2 X 8 = 16)		
7	Using the Cournot model of oligopoly, analyze how firms in an oligopolistic market determine their output and pricing strategies.	3	3
8	Apply the concept of limit pricing to a real-world scenario, explaining how a dominant firm can deter potential market entry.	3	3
9	Suppose a firm operates in an imperfect product market and faces a labor union in the factor market. Demonstrate how the firm's pricing and employment decisions would be affected.	3	3
Q. No.	PART – B	CO	KL
	Answer any TWO out of THREE questions in about 400 words each. (2 X 8 = 16)		
10	Analyze the potential implications of collusion among firms in an oligopolistic industry on consumer welfare and market efficiency.	4	4

11	Critically examine the validity and limitations of the various alternative theories of the firm, such as the sales maximization theory and the utility maximization theory.	4	4
12	Evaluate the role of wage differentials in the labor market and analyze the factors contributing to such differentials.	4	4
	SECTION C PART – A Answer any TWO out of FOUR questions in about 700 words each. (2 X 12 = 24)		
13	Evaluate the relevance and applicability of the Walrasian general equilibrium model in the context of modern economies, considering its assumptions and limitations.	5	5
14	Critically assess the different criteria for welfare measurement, such as Pareto optimality and the social welfare function approach.	5	5
15	Examine the concept of market failure due to asymmetric information, and evaluate the effectiveness of various market signaling mechanisms and policies in addressing such failures.	5	5
16	Assess the role of government intervention in addressing market failures and promoting social welfare, considering both theoretical arguments and real-world examples.	5	5
	PART – B Answer any TWO out of FOUR questions in about 700 words each. (2 X 12 = 24)		
17	Develop a comprehensive strategy for a firm operating in an oligopolistic market, considering various game theory concepts, pricing strategies, and competitive dynamics.	6	6
18	Propose a framework for designing an optimal labor market policy that balances the interests of employers, workers, and the overall societal welfare, considering factors such as wage determination, trade unions, and labor regulations.	6	6
19	Create a hypothetical scenario involving market failure due to asymmetric information, and design a policy intervention or market mechanism to mitigate the adverse effects of such market failure.	6	6
20	Formulate a social welfare function that incorporates multiple criteria, such as equity, efficiency, and sustainability, and apply it to evaluate the welfare implications of a specific economic policy or market situation.	6	6
