STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86
(For candidates admitted during the academic year 2011–12 & thereafter)

M. A. DEGREE EXAMINATION, APRIL 2013
BRANCH III – ECONOMICS
SECOND SEMESTER

COURSE   : MAJOR - CORE
PAPER   : MICRO ECONOMIC ANALYSIS - II
TIME   : 3 HOURS   MAX. MARKS: 100

SECTION – A

ANSWER ANY FIVE QUESTIONS. EACH ANSWER NOT TO EXCEED 300 WORDS.   **(5 X 8 = 40)**

1. Explain how equilibrium output and price are determined in Cournots duopoly model. State the underlying assumptions of the model.
2. Explain the limit pricing theory put forward by Bain.
3. State and explain Euler's theorem of product exhaustion.
4. Account for wage differentials in the labour market.
5. Define contract curve. In what sense is the contract curve a locus of optimal locations.
6. What is the role of value judgments in welfare economics?
7. Discuss Game theory. What are the economic implications?

SECTION – B

ANSWER ANY THREE QUESTIONS. EACH ANSWER NOT TO EXCEED 1200 WORDS.   **(3 x 20 = 60)**

8. Explain Baumols Sales Maximization model by using suitable diagrams. Compare it with profit maximization objectives of the firm.
9. Explain Price-output determination under (a) Low cost price leadership (b) Price leadership by the dominant firm.
10. Evaluate Walrasian model of general equilibrium.
11. Define economic efficiency. Explain Pareto's three conditions for achieving economic efficiency.
12. What are the major sources of competitive market failure? Explain briefly in each case why the competitive market does not operate efficiently?

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