SUBJECT CODE: 15EC/PC/MI24

M. A. DEGREE EXAMINATION, APRIL 2017
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. Highlight the essential comparisons between Cournot and Bertrand models of Duopoly.
2. Elucidate the concept of 'condition of entry' introduced by Bain.
3. How does Euler's Theorem explain Product Exhaustion Theorem?
4. Do labour Laws in India act as constraints to employment generation?
5. Why Walrasian model be considered as general equilibrium model?
6. What are the basic conditions necessary for the existence of social welfare function?
7. What are wage differentials?
8. What is called market failure? Explain.

SECTION – B

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

9. What according to Baumol is the attitude of a firm towards its competitors in day-today decision making? How does he substantiate this? Illustrate Baumol's single product model without advertising and bring out its important predictions.
10. How do you get the supply curve of labour? What are the important differences between supply curve of a commodity and supply curve of labour in a perfectly competitive market? Discuss.
11. What is game theory? Explain maxi-min, mini-max, saddle point solutions with examples.
12. Explain the 2 x 2 x 2 model of general equilibrium.
13. "Externalities are the classic case of market failure". Explain this statement with examples of positive and negative externalities.

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