



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION - ECONOMICS

FIRST SEMESTER – NOVEMBER 2011

EC 1806 - MICRO ECONOMIC THEORY - I

Date : 01-11-2011
Time : 1:00 - 4:00

Dept. No.

Max. : 100 Marks

Part – A

Answer any 5 in about 75 words each

(5 x 4 = 20)

1. Distinguish between Micro statics and macro statics in economics.
2. Outline the postulate of the ordinal utility analysis,
3. Sketch out the assumptions of revealed preference theory
4. What are the assumptions of Law of variable proportions.
5. Explain the concept of Marginal Rate of Technical Substitution.
6. Define Monopolistic competition.
7. Explain the concept of Production function.

Part – B

Answer any 4 in about 250 words each.

(4 x 10 = 40)

8. What do you understand by Economic Dynamic Analysis? How is it relevant to the study of Economics in the present context?
9. Define Income effect, Substitution and price effect. Critically examine the interpretations of the concepts by Hicks and Slutsky.
10. Critically evaluate the N_M utility analysis. How is it relevant to explain uncertain and risky situation in Business?
11. How is Friedman-savage hypothesis a refinement over the N_M utility analysis? Explain.
12. What do you understand by returns to scale. Critically examine the operation of it in production with suitable illustrations.
13. Discuss the short-run and long-run cost curves
14. Explain the salient features of Cobb-Douglas production function.

Part – C

Answer any 2 in about 900 words each.

(2 x 20 = 40)

15. Discuss the applications of Indifference curve analysis in studying various economic phenomenon.
16. Critically examine the Reformulated utility theory of Hicks.
17. Critically examine the modern utility analysis. How is it an improvement over the cardinal utility analysis.
18. Discuss the features of Monopoly market. How is it relevant to the present context?

