



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – NOVEMBER 2017

17/16PEC1MC01 - MICRO ECONOMIC THEORY AND APPLICATION - I

Date: 02-11-2017
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

Part – A

Answer any 5 questions in about 75 words each.

(5 x 4 = 20 Marks)

1. Bring out the importance of static economics.
2. What is meant by gains from trade?
3. List out the reasons for shift in the Iso -cost line and provide a suitable representation.
4. Define Expansion Path and represent it diagrammatically.
5. List the objectives of buffer stock operations.
6. Diagrammatically represent the policy of 'price floor' and 'price ceiling'.
7. Differentiate between reserve capacity and excess capacity.

Part – B

Answer any Four questions in about 250 words each.

(4 x 10 = 40 Marks)

8. State the need and significance of economic dynamics.
9. Lump-sum subsidy provides more welfare than price subsidy - Justify.
10. Explain the concept of least-cost combination of factors in terms of minimizing cost and maximizing output.
11. Explain the concept of output expansion path of a multi-product firm.
12. State the reasons for the Kaldor's incompatibility of equilibrium.
13. Discuss the critique of Chamberlin's theory of Monopolistic Competition.
14. Discuss the effect of 'price stability' and 'income stability' with buffer stock operation.

Part – C

Answer any Two questions in about 1200 words.

(2 x 20 = 40 Marks)

15. Discuss the various circumstances of bindings and non-bindings through the application of the rationing and indifference curve analysis.
16. Discuss the following concepts:
 - (i) Economies of Scale: (a) (b) Diseconomies of Scale (10 Marks)
 - (ii) Recent Developments in cost Theory (10 Marks)
17. Discuss Sraffa's advocacy of the adoption of Monopoly model to face the challenges of incompatibility of long-run equilibrium under perfect competition.
18. Discuss Harrod's and Kaldor's critique of the excess capacity doctrine.

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