LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – **ECONOMICS**

FIRST SEMESTER – **NOVEMBER 2018**

18/17/16PEC1MC01 – MICRO ECONOMIC THEORY AND APPLICATION - I

Date: 22-10-2018   Dept. No.   Max. : 100 Marks
Time: 01:00-04:00

Part – A

Answer any **Five** questions in about 75 words each.   **(5 x 4 = 20 Marks)**

1. Write a short note about economic statics and economic dynamics.
2. Define Pareto criterion and optimality.
3. State the reasons for shifts in Iso-cost curve.
4. What is expansion path? Diagrammatically represent the same.
5. What is meant by economies of scale?
6. List out the predictions of the minimum price fixation model.
7. What is meant by Buffer – Stock operation?

Part – B

Answer any **Four** questions in about 300 words each.   **(4 x 10 = 40 Marks)**

8. Explain the concept of 'gains from trade' and 'Pareto Optimality' with suitable representation.
9. Explain Harrod's conception of Economic Dynamics in a model of growing economy.
10. 'Indirect taxes' affect welfare of the individual worse than 'Direct taxes'. Analyze with suitable representation.
11. Write a note on economies and diseconomies of scale.
12. 'Lump-Sum income grant' provides more welfare than 'Price Subsidy'. Justify.
13. Explain the effect of unplanned fluctuations in production on income of the farmers.
14. Review Chamberlain's excess capacity concept with suitable representation.

Part – C

Answer any **Two** questions in about 1200 words.   **(2 x 20 = 40 Marks)**

15. Discuss the decomposition of 'Price Effect' into 'Output Effect' and 'Substitution Effect'.
16. Differentiate Kaldor and Sraffas' incompatibility of equilibrium with returns to scale.
17. Discuss the effect of elasticity of demand and supply on the application of incidence of taxation.
18. Critically analyze the Chamberlain's theory of monopolistic competition.

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