



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

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

SECOND SEMESTER – APRIL 2018

**17/16PEC2MC01- MICRO ECONOMIC THEORY AND APPLICATION - II**

Date: 17-04-2018  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

**PART – A**

Answer any **Five** questions in about 75 words each.

(5X4=20 MARKS)

1. State the summary of Andrews' full-cost pricing theory.
2. Bring out the barriers to entry in Bain's model of limit-pricing.
3. Bring out the alternative goals of a trade union.
4. Diagrammatically represent the wage preference path of the Trade Union.
5. Distinguish between Pareto-criterion and Pareto-optimality.
6. Diagrammatically represent the concept of external economies and diseconomies with social cost.
7. If the investment in a project costs Rs.20, 000 the market rate of interest is 15 per cent per annum and it is expected to yield a net return of Rs. 28,000 after one year, find the feasibility of the project using NPV method.

**Part – B**

Answer any **Four** questions in about 300 words each.

(4 x 10 = 40 Marks)

8. Discuss the concept of prisoner's dilemma and its relevance into the business decisions.
9. Briefly explain the determination of Limit-pricing of **Sylos's** model.
10. Explain **Fellner's** bilateral monopoly model of collective bargaining.
11. Derive general equilibrium of exchange under perfectly competitive conditions.
12. Explain the concept of **Scitovsky's** paradox and examine the double criterion of welfare.
13. Discuss the concept of inter-temporal consumption choice in the case of lending with effect of a rise in rate of interest.
14. Discuss the concept of cooperative and non-cooperative game theory with an example.

**Part – C**

Answer any **Two** questions in about 1200 words each.

(2 x 20 = 40 Marks)

15. Describe **Marris's** managerial theory of a firm with managerial and financial constraints.
16. Discuss wage determination under collective bargaining to remove the concept of double exploitation of bilateral monopoly model.
17. Explain Arrow's theory of social choice with required conditions.
18. From the given transaction matrix, find input coefficient, Leontief matrix, co-factor matrix and value of labour requirement of the two sectors.

	Sectors	User of Output			
		Agricultural Sector	Industrial Sector	Final demand	Total output
Production of Inputs	Agricultural Sector	75	125	100	300
	Industrial Sector	100	150	250	500
	Labour	125	225	-	350
	Total Output	300	500	350	1150

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