LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

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

SECOND SEMESTER – **APRIL 2025**

PEC2MC01 – ADVANCED MICROECONOMICS - II

Date: 24-04-2025 Dept. No. Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

	SECTION A – K1 (CO1)
	Answer ALL the questions **(5 x 1 = 5)**
1.	**Fill in the blanks**
a)	Optimality means ___________________________
b)	The concept of social welfare function developed by Bergson and Samuelson was based on _______ principles
c)	Cournot's and Chamberlin's model of equilibrium of the oligopoly market implies _____________
d)	The decision making of a firm lead spill over advantages to third parties is called ________
e)	The Asymmetric information theory was developed in the ___________________ which states that the information bias between buyer and seller can lead to market failure.
	SECTION A – K2 (CO1)
	Answer ALL the questions **(5 x 1 = 5)**
2.	**Outline the following in a single sentence**
a)	Market for Lemons
b)	Double Criterion
c)	Saddle point
d)	Public Good
e)	Asymmetric information
	SECTION B – K3 (CO2)
	Answer any THREE of the following in 100 words each **(3x10= 30)**
3.	Explain welfare economics with general equilibrium of production.
4.	Critically analyse the concept of compensation principles of welfare economics
5.	Explain the concept of free riders' problem to market failure.
6.	Examine the first mover's advantage with an illustration.
7.	Explore the concept of asymmetric information in a market for Smartphones
	SECTION C – K4 (CO3)
	Answer any TWO of the following in 200 words each **(2 x 12.5 = 25)**
8.	Critically review the Arrow's impossibility theorem
9.	Explore regulations and standard forms of Auction Games
10.	State the need for credit rationing and its regulation.
11.	Explain Bergson-Samuelson model of Welfare economics.
	SECTION D – K5 (CO4)
	Answer any ONE of the following in 500 words each **(1 x 15 = 15)**
12.	Explore the idea of A.K Sen's Capability theory in the context of Welfare Economics.
13.	Explain how the shortcomings of Compensation Principle is resolved by Scitovsky's double criterion.
	SECTION E – K6 (CO5)
	Answer any ONE of the following in 1000 words **(1 x 20 = 20)**
14.	Discuss the application of asymmetric and the case of signaling in the market for insurance.
15.	Critically examine the concept of market failures.
