



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.A. DEGREE EXAMINATION – ECONOMICS

SECOND SEMESTER – APRIL 2025

UEC 2501 – MICRO ECONOMICS - II



Date: 25-04-2025

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

SECTION A - K1 (CO1)

	Answer ALL the Questions	(10 x 1 = 10)
1.	Answer the following	
a)	Define Monopsony.	
b)	Recall the idea of differential rent.	
c)	State the idea behind insurable risk.	
d)	What is meant by Pareto Optimality.	
e)	Write a note on Welfare Economics.	
2.	True or False	
a)	Collective Bargaining and Bilateral Monopoly is one and the same.	
b)	Risk Theory of Profits was propounded by Hawley.	
c)	Pareto Optimality has no drawbacks.	
d)	The 2x2x2 general equilibrium model has two factors, two commodities and two consumers.	
e)	In Kaldor-Hicks' Compensation Principle, the utility is measured in cardinal terms.	

SECTION A - K2 (CO1)

	Answer ALL the Questions	(10 x 1 = 10)
3.	Match the following	
a)	Profit-Improvement over Kaldor-Hicks' Criterion	
b)	Innovation Theory -Revenue minus Cost.	
c)	Tibor Scitovsky-Joseph Schumpeter	
d)	Factor Market-Insurable Risk	
e)	Fire-Derived Demand	
4.	Fill in the blanks	
a)	Frank Knight's book was published in ____.	
b)	Quasi Rent is earned by ____.	
c)	People demand money for ____ and ____.	
d)	When activity in one market has little or no effect on other markets it comes under ____.	
e)	Simultaneous equilibrium of production and consumption is known as ____.	

SECTION B - K3 (CO2)

	Answer any TWO of the following in 100 words each.	(2 x 10 = 20)
5.	Draw the diagram for VMP, MRP and ARP Curves and explain the same.	
6.	Propound the risk theory of Profits by F.B.Hawley.	
7.	Describe the equilibrium in production using Edgeworth box diagram of production.	
8.	Discuss the limitations of the Pareto Criterion.	

SECTION C – K4 (CO3)	
Answer any TWO of the following in 100 words each. (2 x 10 = 20)	
9.	Critically examine the innovation theory of profits by Joseph Schumpeter.
10.	Elucidate the idea behind monopsonistic exploitation.
11.	Describe the equilibrium in consumption using Edgeworth box diagram of Consumption.
12.	Examine the equity theory of wages.
SECTION D – K5 (CO4)	
Answer any ONE of the following in 250 words (1 x 20 = 20)	
13.	Critically examine Keynes' Liquidity preference theory of Interest.
14.	Describe the Kaldor-Hicks' Compensation Criterion.
SECTION E – K6 (CO5)	
Answer any ONE of the following in 250 words (1 x 20 = 20)	
15.	Discuss the model of Bilateral Monopoly
16.	Summarize the conditions for general equilibrium
