 LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**M.A.** DEGREE EXAMINATION - **ECONOMICS**

FIRST SEMESTER – NOVEMBER 2012

# EC 1806 - MICRO ECONOMIC THEORY - I

Date : 01/11/2012 Dept. No. Max. : 100 Marks

Time : 1:00 - 4:00

**Part - A**

**Answer any FIVE questions in 75 words each: 5 x 4 = 20**

1. Define Stable and unstable equilibrium.
2. Distinguish between Simple and Discriminating Monopoly.
3. Explain the ‘Learning curve’ in modern theory of the cost curve.
4. Define Opportunity cost and Social cost.
5. What is meant by Linear homogeneous production function?
6. Explain Price effect and income effect with the help of Ordinal utility approach of Hicks .
7. Explain the postulates of the N-M Utility analysis.

**Part - B**

**Answer any FOUR questions in 300 words each: 4 x 10 = 40**

1. Discuss the advantages of Economic Dynamic analysis.
2. What is Return to Scale? Elaborate the three types of it with suitable diagrams.
3. What is Price discriminations? How is it justifiable for promotion of social welfare?
4. Critically evaluate the Markowitz hypothesis of modern utility analysis.
5. Distinguish between Perfect competition and Monopolistic competition.
6. Explain Output effect and Substitution effect with the help of iso-quant and Iso-cost curves.
7. How does Cobb-web model explain cyclical movement in price and quantity of agricultural products?

**Part - C**

**Answer any TWO questions in 900 words each: 2 x 20 = 40**

1. Discus the merits and demerits of Deductive analysis in economics.
2. Elucidate the Superiority of the modern utility analysis over the Cardinal utility analysis.
3. Discuss the different sources of Monopoly. Does it promote efficiency and social welfare?
4. Distinguish between production costs and Selling costs. How does Monopolistic firm determine output under Selling costs?

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