LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



M.A. DEGREE EXAMINATION - ECONOMICS

FIRST SEMESTER – **NOVEMBER 2022**

PEC1MC01 - ADVANCED MICROECONOMICS - I

Date: 21-11-2022	Dept. No.	Max. : 100 Marks
Time: 01:00 PM - 04:00 F	n _M	

	SECTION A						
Ans	swer ALL the Questions						
1.							
a)	P = AVC (1 + M) formulation was proposed by Adams.	K1	CO1				
b)	According to Bain, price did not fall to the level of the Short run average cost curve	K1	CO1				
	due to the existence of barriers to entry.						
c)	The total financial security constraint of an enterprise is directly related to the	K1	CO1				
	liquidity constraint						
d)	The efficiency of managerial decision-making decreases when the number of goals	K1	CO1				
	of the firms decrease.						
e)	The net present value of a project is the value of the past net cash flows into the	K1	CO1				
	future years.						
2.		,	(Jarks)				
a)	What is meant by kink?	K2	CO2				
b)	State Chagrin Effect.	K2	CO2				
c)	Sales maximization by Baumol	K2	CO2				
d)	What is meant by Side Payment?	K2	CO2				
e)	State the formulation of NPV.	K2	CO2				
	SECTION B						
Ans	swer any THREE of the following in 500 words (3 x 10 =	= 30 N	(Jarks				
3.	Bring out the reasons for Gordon's attack on the principles of marginalism.	К3	CO2				
4.	Write a short note on the shortcomings of Sylos theory of Limit Pricing.	К3	CO2				
5.	List out the weaknesses of managerial theories.	К3	CO2				
6.	Illustrate the application of price discrimination with Peak-load pricing model.	К3	CO2				
	Give an example						
7.	Briefly explain the intertemporal choice of Borrowing.	К3	CO2				
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	SECTION C						
Ans	swer any TWO of the following in 500 words (2 x 12.5 =	= 25 N	Iarks)				
8.	Highlight the 5 golden rules of Andrew's on Average Cost Pricing and price determinations.	K4	CO3				
9.	Write a note on the "Simple Model of Behaviourism"	K4	CO3				
10.	Bring out the constraints faced by the firm's in achieving the objective of maximization of balanced growth.	K4	CO3				
11.	From the given data, find the feasibility of the projects and rank order using NPV method.	K4	CO3				

		Investment	Flow	(in Years)	Rate (%)		
	1. Dam Construction	2500000	800000	5	10		
	2. Pollution Air Free	3000000	900000	4	12		
	3. Road Contract	1200000	750000	6	8		ı
		SE	CTION D				
Ans	wer any ONE of the follow	ving in 1000 wor	rds		(1 x 15	= 15 M	[arks]
12. Elaborate the Hall and Hitch model of full cost pricing theory with its principles						K5	CO4
13.	13. Explain Bain's model of limit pricing theory with collusion.						CO4
		SE	CTION E				
Answer any ONE of the following in 1000 words (1 x 20 =					= 20 Marks)		
14.	14. Critically analyze Marris' model of managerial theory.				K6	CO5	
15.	15. Distinguish between Cyert and March behavioral theory and traditional theory.					K6	CO5

Cash

Expectancy

Interest

Types of Projects

Initial

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