LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.A.** DEGREE EXAMINATION – **ECONOMICS**

SECOND SEMESTER – **APRIL 2012**

# EC 2501/EC 2500 - MICRO ECONOMICS - II

Date : 16-04-2012 Dept. No. Max. : 100 Marks

Time : 9:00 - 12:00

**Part – A**

**Answer any FIVE questions in about 75 words each: (5x4 = 20 marks)**

1. What are the equilibrium conditions for a firm operating in perfectly competitive output

and input markets?

1. Elucidate the concept of economic rent.
2. Explain the relation between profit and wage.
3. State the limitations of Pareto’s criterion for welfare.
4. What are the features of international trade?
5. What do you mean by optimum tariff?
6. Bring out the determinants of income distribution.

**Part – B**

**Answer any FOUR questions in about 300 words each: (4x10 = 40 marks)**

1. Explain the factors affecting the demand for an input.
2. What is monopsonistic exploitation?
3. Explain the effect of trade unions on wages.
4. What determines the demand for land? How is rent determined?
5. Explain how the utility possibility frontier is derived.
6. What are the gains from international trade?
7. Discuss the role of prices in an economic system.

**Part – C**

**Answer any TWO questions in about 900 words each: (2x20 = 40 marks)**

1. Elaborate the concept of risk and its effect on profits.
2. Bring out the difference between economic rent and quasi rent.
3. Explain how factor market equilibrium is achieved under perfect competition.
4. Discuss the Pareto-optimality criterion for welfare.

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