



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – NOVEMBER 2016

16PEC1MC01 - MICRO ECONOMIC THEORY AND APPLICATION - I

Date: 02-11-2016

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

PART – A

Answer any five questions, each not exceeding 75 words.

(5x4 = 20 Marks)

1. List out the limitations of static and dynamic models.
2. From the following table estimate the value of MRS_{xy} :

Humberger (Y)	Soft Drinking (X)	MRS_{xy}
55	1	?
50	2	?
46	3	?
43	4	?
41	5	?
40	6	?

3. State the assumptions of micro-static model of economics.
4. Diagrammatically describe the concept of Iso-cost line.
5. What is expansion path? Diagrammatically represent the same.
6. Differentiate between 'economies' and diseconomies' with a suitable example.
7. Diagrammatically represent the concept of 'excess capacity'.

PART – B

Answer any four questions, each not exceeding 300 words.

(4x10 = 40 Marks)

8. Elucidate Harrod's Dynamic model of a Growing Economy.
9. Discuss the properties of Indifference curve.
10. Review the application impact of direct and indirect tax system of the government on welfare.
11. Analyze the application of minimum and maximum price fixation model.
12. Discuss the concept of least-cost combination of inputs choice equilibrium with cost constraints.
13. Briefly review the critique of Chamberlin's theory of monopolistic competition.
14. From the given data find out various costs of the short run:

Labour	Output	Wage rate	Fixed Cost
0	0	500	2000
1	100	500	2000
2	220	500	2000
3	360	500	2000
4	520	500	2000
5	700	500	2000
6	860	500	2000
7	1000	500	2000
8	1120	500	2000
9	1220	500	2000
10	1300	500	2000
11	1370	500	2000
12	1430	500	2000
13	1480	500	2000
14	1520	500	2000
15	1550	500	2000

PART – C

Answer any two questions, each not exceeding 1200 words.

(2x20 = 40)

15. Elucidate some of the important applications of the Indifference Curve analysis.
16. Analyze the separation of price effect into the substitution and output effects.
17. Discuss and justify the modern theory of cost curves (Saucer and L –shaped) of the short run and long-run.
18. Review the applications and effects of demand – supply model of agriculture
