

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



M.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – NOVEMBER 2019

PEC 1501 – MICRO ECONOMIC THEORY AND APPLICATION - I

Date: 30-10-2019

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

Part–A

Answer any FIVE questions in about 75 words each.

(5 x 4 = 20 Marks)

1. What do you understand by 'Static analysis and functional relationships'?
2. What is meant by Price subsidy? How is it different from Lump-sum income grant?
3. Write a short note on Income-Leisure equilibrium.
4. Diagrammatically explain the 'Expansion path'.
5. Define the equilibrium of a multiproduct firm.
6. Illustrate the concepts 'Price ceiling' and 'Price floor'.
7. What is meant by 'Excess capacity'?

Part–B

Answer any FOUR questions in about 300 words each.

(4 x10 = 40 Marks)

8. Diagrammatically explain micro and macro static equilibriums with examples. Bring out its relevance.
9. Derive the backward bending supply curve of labour using indifference curves.
10. Analyse the changes in standards of living using economic theory of index numbers.
11. Elaborate the internal economies and diseconomies of scales and its influence of long-run average cost curve.
12. Explain K.J. Arrow's learning curve effect.
13. Analyse the effect of unplanned fluctuation in production on income of the farmers.
14. Bring out the Kaldor's critique of the theory of excess capacity.

Part– C

Answer any TWO questions in about 1200 words each.

(2 x 20 = 40 Marks)

15. Discuss in detail the welfare effects of direct and indirect taxes. On what grounds one is justified over the other in India?
16. Explain the producer's equilibrium with respect to choice of inputs and products.
17. Critically examine the Sraffa's view on incompatibility of competitive equilibrium.
18. Evaluate the Chamberlin's theory of monopolistic completion.
