

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 PM

SECTION A**Answer ALL the Questions**

1. State True or False		(5 x 1 = 5 Marks)	
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 due to the existence of barriers to entry.	K1	CO1
c)	The total financial security constraint of an enterprise is directly related to the liquidity constraint	K1	CO1
d)	The efficiency of managerial decision-making decreases when the number of goals of the firms decrease.	K1	CO1
e)	The net present value of a project is the value of the past net cash flows into the future years.	K1	CO1
2. Define / describe in a single sentence		(5 x 1 = 5 Marks)	
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**Answer any THREE of the following in 500 words** **(3 x 10 = 30 Marks)**

3.	Bring out the reasons for Gordon's attack on the principles of marginalism.	K3	CO2
4.	Write a short note on the shortcomings of Sylos theory of Limit Pricing.	K3	CO2
5.	List out the weaknesses of managerial theories.	K3	CO2
6.	Illustrate the application of price discrimination with Peak-load pricing model. Give an example	K3	CO2
7.	Briefly explain the intertemporal choice of Borrowing.	K3	CO2

SECTION C**Answer any TWO of the following in 500 words** **(2 x 12.5 = 25 Marks)**

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

