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E – 5066

Reg. No. : ....

Name : ....

Second Semester M.A. Degree Examination, October 2018
Branch : Economics
EC 221 : MICRO ECONOMICS – II
(2013 Admission Onwards)

Time : 3 Hours

Max. Marks : 75

SECTION – A

Define the following in **one** or **two** sentences :

(10×1=10 Marks)

1. Adding up problem.

2. St. Petersburg paradox.

3. Moral hazard.

4. General equilibrium.

5. Scitovsky's criterion.

6. Functional distribution.

7. Average revenue product.

8. Free rider problem.

9. Tragedy of commons.

10. Risk pooling.

SECTION – B

Answer **any seven** of the following. **Each not** exceeding **500** words : (7×5=35 Marks)

11. Explain the Markowitz hypothesis.

12. What are the differences between factor pricing and product pricing.

P.T.O.

13. Explain the essence of the theory of 'second best'.

14. Explain the concept 'macro degree of monopoly' developed by Kalecki.

15. Explain the concept of efficiency wage.

16. Explain the concept of Pareto optimality.

17. What is meant by the market for lemons ?

18. Explain Arrow's impossibility theorem.

19. Distinguish between negative and positive externalities in consumption.

20. Explain Euler's theorem.

SECTION – C

Answer **any three** of the following **not** exceeding **1200** words : **(3×10=30 Marks)**

21. Explain how the Pareto efficient social welfare maximising equilibrium is attained in the case of two products, two factors and two consumers.

22. Analyse the Marxian theory of distribution.

23. Explain the marginal conditions for Pareto Optimality.

24. Explain the problem of market distortions due to externalities.

25. Compare and contrast the Pareto optimality criterion, the Kaldor-Hicks criterion and the Scitovsky criterion of social welfare.

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