

MA DEGREE END SEMESTER EXAMINATION MAY - 2015
SEMESTER -2: MA ECONOMICS
COURSE CODE: P2ECOT06 - MICRO ECONOMICS: MARKETS,
INFORMATION AND WELFARE

Time: 3 Hours

Max. Marks: 75

PART-A

Answer any **eight** of the following in three or four sentences. Each question carries **two** marks.

1. What is bounded rationality?
2. Why firms do not attempt to maximize profit
3. Explain Easterlin paradox
4. Differentiate between actual competition and potential competition?
5. Explain the difference between adverse selection and moral hazard in insurance market
6. Distinguish between oligopoly models of Cournot and Bertrand
7. What is the importance of prime mover in a market?
8. What is the role of size of the firm in determining limit price?
9. Explain moral hazard
10. Define prisoner's dilemma
11. Explain theory of average cost pricing
12. Explain Rawlsian theory of justice

(2 x 8 = 16)

Part -B (short Essays)

Answer any **seven** of the following not exceeding two pages each. Each question carries **five** marks.

13. What is lemons problem? Explain the practical relevance
14. Explain the importance of incentives in principal-agent problem
15. Critically examine the product exhaustion problem
16. Explain the concept of prime mover.
17. Explain the full cost pricing strategy.
18. Discuss the Rawlsian theory of social justice
19. Explain the contestable market theory of Baumol

20. Explain prisoner's dilemma
21. Discuss Arrow's impossibility theorem
22. Explain Williamson's model of managerial discretion

(5 x 7 = 35)

PART-C

Write long essays on any **two** of the following. Each question carries **twelve** marks.

23. Critically examine the sales revenue maximization model of Baumol
24. Explain the Game theory model of oligopoly
25. Critically examine the Walrasian model of general equilibrium
26. Explain Arrow's impossibility theorem

(12 x 2=24)

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