B. A. DEGREE END SEMESTER EXAMINATION MARCH 2018

SEMESTER – 4: ECONOMICS (CORE COURSE)

COURSE: 15U4CRECO5: MICRO ECONOMIC ANALYSIS

(Common for Regular 2016 Admissions & Supplementary 2015 Admissions)

Time: Three Hours   Max. Marks: 75

PART A

Answer *all* questions. Each question carries *1* mark.

1. Welfare economics.
2. Asymmetric information.
3. Cartels.
4. Planning curve.
5. Sunk cost.
6. Markup.
7. Dumping.
8. Euler's theorem.
9. Duopoly.
10. Point of bliss.   (1 x 10 = 10)

PART B

Answer *any eight* questions. Each question carries *2* marks.

11. Collusive oligopoly.
12. Distinguish between explicit and implicit cost.
13. Functional and personal distribution.
14. Sen's concept of social welfare.
15. Rent and quasi-rent.
16. Bentham criterion.
17. What are the situations of market failure?
18. Non-price competition.
19. Ideal output.
20. You are a producer and seller of grain in a perfectly competitive market. You are earning negative economic profits. After analyzing your business you find that the average variable cost for your grain is Rs.20/kg. The price of grain per kg. that you sell at is Rs.22/. The fixed cost for each month is Rs.5,000/. Which of the following decision you will take?
    a) Keep operating at an economic loss.
    b) Shut down your operation at least temporarily. Why?

                                                                                             (2 x 8 = 16)

PART C

Answer *any five* questions. Each question carries *5* marks.

21. Explain the use of an Edgeworth Box diagram.
22. Explain the long run costs of the traditional theory.
23. Explain the Kaldor- Hicks compensation criterion.
24. Examine the role of trade unions in the determination of wages.
25. Describe the role of profit in a market economy.
26. What is price discrimination? Explain various degrees of price discrimination.
27. Calculate the company's TFC, TVC, AFC, AVC, ATC & MC at each level of production.

Output (units)	0	1	2	3	4	5	6	7
Total Cost in Rs	300	400	450	510	590	700	840	1020

Draw the average and marginal cost curves also. (5 x 5 = 25)

PART D

Answer *any two* questions. Each question carries *12* marks.

28. Define price rigidity. Illustrate with a suitable model.
29. Explain the Pareto optimality conditions of efficiency.
30. Discuss the marginal productivity theory of distribution.
31. Explain the modern theory of cost. (12 x 2 = 24)

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