

M. A. DEGREE END SEMESTER EXAMINATION - APRIL 2026**SEMESTER 2 : ECONOMICS****COURSE : 24P2ECOT06 : MICRO ECONOMIC THEORY - II***(For Regular 2025 Admission and Improvement/Supplementary 2024 Admission)*

Time : Three Hours

Max. Weights: 30

PART A**Answer any 8 questions****Weight: 1**

1. Suppose the government of Kerala is proposing a new interstate highway that goes through a low-income neighborhood. The business and manufacturing interests in the city are for the program and are willing to spend Rs. 500000 for the change to be made. The low-income neighborhood object to the program and is willing to spend Rs. 50000 to stop it. (E)
 - a) Does the proposed highway project satisfy the Kaldor criterion? Why?
 - b) Is the proposed project an improvement for the society? (consider the effects on the two groups and the overall welfare implications)
 2. What is basing point pricing? (U)
 3. Distinguish between partial and general equilibrium. (An)
 4. Critically analyse K-H compensation criterion. (An)
 5. What is satisficing behaviour? (An)
 6. What do you mean by lower level of management? (An)
 7. Discuss why does rate of profit decline with economic progress in Marxian theory of income distribution? (An)
 8. In what way technological progress influence the relative factor shares? (E)
 9. What is a payoff matrix? (U)
 10. What is naive behavior? (R)
- (1 x 8 = 8)**

PART B**Answer any 6 questions****Weights: 2**

11. Define personal income distribution and functional income distribution. (U)
 12. What is meant by rules of thumb? (U)
 13. Make a brief illustration of the discontinuity of MR curve in the kinked demand model. (U)
 14. What is the point of bliss? (An)
 15. Behaviourism. (U)
 16. Explain Kalecki's Macro theory of distribution. (U)
 17. What is multiple equilibria? Illustrate diagrammatically. (An)
 18. Explain how intelligence or sophistication of a leader reward him in Stackelberg's equilibrium compared with Cournot's equilibrium? (U)
- (2 x 6 = 12)**

PART C
Answer any 2 questions

Weights: 5

- 19. Explain Euler's theorem with suitable diagram. (An)
 - 20. Examine different forms of price leadership models in Oligopoly. (An)
 - 21. Critically examine the behavioural model of Cyert and March. (E)
 - 22. What is meant by the "voting paradox", how is this related to Arrow's impossibility theorem? (U)
- (5 x 2 = 10)**

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
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Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;