

(111/200)

Economics

ECO 2C 05—MICRO ECONOMIC THEORY AND APPLICATION—II

(2015 Admissions)

Maximum : 25 Weightage

Three Hours

Part A

Answer all questions.

Each question carries 14 weightage.

Changes in one market have little repercussion on other market in :

- (a) General equilibrium.
- (b) Partial equilibrium.
- (c) Simultaneous equilibrium.
- (d) None.

Edge worth box represents a particular allocation of labour and capital between :

- (a) Two industries.
- (b) Three industries.
- (c) Four industries.
- (d) None.

The general equilibrium level of price ratio is :

- (a) P_x/P_y .
- (b) MRT_{xy} .
- (c) MC_x/MC_y .
- (d) Both (a) and (b).

A sum total of the satisfaction of all the individuals in a society refers to :

- (a) Social welfare.
- (b) Economic welfare.
- (c) Pareto efficiency.
- (d) All.

"Welfare propositions of economics and interpersonal comparison of utility" by :

- (a) Hicks.
- (b) Baumol.
- (c) Kaldor.
- (d) None.

Pareto optimality is decided with in :

- (a) Marshall box.
- (b) Pareto box.
- (c) Edge worth box.
- (d) None.

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7. Compensation criteria is also known as :
- (a) New welfare economics. (b) Social welfare.
 (c) Impossibility theorem. (d) Cob web theorem.
8. The degree of monopoly theory of distribution has been developed by :
- (a) Kaldor. (b) Hicks.
 (c) Kalecki. (d) Harrod.
9. According to Marx profit are determined by :
- (a) Surplus value. (b) Labour theory of value.
 (c) deficit value. (d) None.
10. Kaldor theory of distribution is called :
- (a) Neo keynesian. (b) Classical.
 (c) Neo classical. (d) None.
11. Marxian theory of surplus value depends on :
- (a) Fixed capital. (b) Variable capital.
 (c) Both (a) and (b). (d) None.
12. The concept of the reserve army of labour is due to :
- (a) Marx. (b) Ricardo.
 (c) Smith. (d) J. S. Mill.

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Part B

*Answer any five questions.
 Each question carries 1 weightage.*

13. Closed input output model.
 14. Point of constrained bliss.
 15. Economic interpretation of dual.
 16. Tragedy of commons.
 17. Brouwers fixed point theorem.
 18. Moral hazard.

19. Adding up problem.
20. Coase theorem

(5 × 1 = 5 weightage)

Part C

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

21. Features of input output model.
22. Walrasian general equilibrium.
23. Scitovsky double criteria.
24. Sen's theory of welfare.
25. Kaldor theory of distribution.
26. Features of public goods.
27. Market with asymmetric information
28. Alternative widow cruse model
29. Search cost
30. Externality and inefficiency
31. Solve the following linear programming problem by using graphical method.

$$\text{Maximize } Z = 80X_1 + 120X_2$$

$$\text{subject to } X_1 + X_2 \leq 9$$

$$X_1 \geq 2$$

$$X_2 \geq 3$$

$$20X_1 + 50X_2 \leq 360$$

$$X_1, X_2 \geq 0$$

(8 × 2 = 16 weightage)

Part D

*Answer any three questions.
Each question carries 4 weightage.*

32. Marxian theory of distribution.
33. Criteria of old welfare economics.

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34. Public goods and market failure.
35. Pigouvian welfare economics.
36. Solve the following linear programming problem by using simplex method :-

$$\text{Maximize } Z = 3X_1 + 5X_2 + 4X_3$$

$$\text{subject to } 2X_1 + 3X_2 \leq 8$$

$$2X_2 + 5X_3 \leq 10$$

$$3X_1 + 2X_2 + 4X_3 \leq 15$$

$$X_1, X_2, X_3 \geq 0$$

(3 × 4)