 LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**M.A.** DEGREE EXAMINATION - **ECONOMICS**

SECOND SEMESTER – APRIL 2012

# EC 2808 - MICRO ECONOMIC THEORY - II

Date : 17-04-2012 Dept. No. Max. : 100 Marks

Time : 9:00 - 12:00

**Section – A**

**Answer any Five questions not exceeding 75 words each: (5 x 4 = 20)**

1. Define ‘satisficing’ and markup pricing.
2. Sketch out the features of oligopoly.
3. Define price leadership.
4. How is Baumol’s sales maximization model superior to the profit maximization model of the firm?
5. Explain the concept of managerial utility of Williamson in his theory of the modern firm.
6. What do you mean by financial constraint in Marris model of the firm?
7. Explain the concept of the compensation criterion of the Kaldor – Hicks.

**Part – B**

**Answer any Four questions not exceeding 250 words each. (4 x 10 = 40)**

1. Discuss the importance of Game Theory in showing oligopolistic market problems.
2. Bring out the importance of input – output analysis in economic theory.
3. Compare the marginalist theory with the Andrew’s theory of the modern firm.
4. Critically assess the Sylos model of limit pricing.
5. Explain the conditions of Amartya Sen for promotion of social welfare in a democratic country.
6. Discuss the different types of price leadership with diagrams.
7. What factors lead to market failure under Paretian welfare?

**Part – C**

**Answer any Two questions in about 1200 words each. (2 x 20 = 40)**

1. Critically examine Baumol’s model of the modern firm.
2. Explain price determination under conditions of price leadership in an oligopolistic market.
3. Discuss the drawbacks of game theory in providing solutions to the complex economic problems.
4. Bring out the advantages and disadvantages of Input-Output analysis in economic theory.

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