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L – 6248

Reg. No. :

Name :

First Semester M.A. Degree Examination, August 2021

Business Economics

BE 211 : MICRO ECONOMIC ANALYSIS

(2016 Admission Onwards)

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer **all** questions in **one** or **two** sentences.

1. Linear homogeneous production function
2. Neutral technical change
3. Elasticity of factor substitution
4. Economies of scale
5. Expected utility
6. Markowitz portfolio theory
7. Product differentiation
8. Cartel
9. Optimum social welfare
10. Increasing returns to scale

(10 × 1 = 10 Marks)

P.T.O.



SECTION – B

Answer any **seven** questions. **Each** answer should not exceed **500** words.

11. Explain the Slutsky income and substitution effects for a normal good and an inferior good.
12. Explain the concept of equity-efficiency trade-off.
13. Explain the theory of second best.
14. What are the major features of the Bergson-Samuelson social welfare function?
15. Explain the existence of price rigidity in oligopolistic markets using kinked-demand curve model.
16. What is the theory of full-cost pricing? What are the factors that induce firms to follow the full-cost pricing policy?
17. Distinguish between Cournot duopoly model and Bertrand duopoly model.
18. What are the degrees of price discrimination? Explain.
19. Discuss how the shape of the LRAC curve explains the economies and diseconomies of scale.
20. Describe the properties of Cobb-Douglas production function.

(7 × 5 = 35 Marks)

SECTION – C

Answer any **three** questions. **Each** answer should not exceed **1200** words.

21. Explain the development of expected utility hypothesis of consumer choice
22. Explain the pre-requisites for Pareto optimal social welfare conditions with appropriate diagrams.
23. Critically evaluate Ham's limit-pricing theory.



24. Explain the properties, merits and limitations of CES production function. Compare VES production function with CES production function.
25. Discuss various views on the neutrality in technical progress.

(3 × 10 = 30 Marks)

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