

PG Even Semester (CBCS) Exam., May-2017

ECONOMICS

( 2nd Semester )

Course No. : EC-201 (C)

( Microeconomic Analysis—II )

*Full Marks : 75*

*Pass Marks : 30*

*Time : 3 hours*

*The figures in the margin indicate full marks  
for the questions*

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. What do you understand by 'mark-up pricing'? Explain the process of price determination using 'mark-up' rate. Can the 'mark-up' principle be derived as a special case of the 'marginalist' principle of pricing? Discuss. 3+8+4=15
2. Explain the concept of 'satisfying behaviour' as opposed to the concept of optimisation in the 'neo-classical' model. How does this affect the decision-making process within the firm? Explain with reference to the 'behavioural' model. 4+3+8=15

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( Turn Over )

UNIT—II

3. State and explain 'Pareto optimality' as a condition for social welfare maximisation. What are its limitations? 10+5=15
4. (a) Discuss Coase theorem as a market solution for externality.
- (b) Suggest some measures to cap pollution at some non-zero optimum levels. 6+(3+3+3)=15

UNIT—III

5. (a) Illustrate Walras' law. Show how in a pure exchange economy 'tatonnement' technique helps to attain market clearing equilibrium.
- (b) Discuss the issue of 'uniqueness' as a general equilibrium solution. (4+5)+6=15
6. (a) Give an outline of the structure of a general equilibrium model.
- (b) Illustrate the application of general equilibrium analysis with an example from international trade. 7+8=15

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( Continued )

UNIT—IV

7. (a) How do different attitudes towards risk shape the utility curve of individual under uncertainty?  
(b) Define cost of risk and show how risk can be minimised.  $6+(4+5)=15$
8. Discuss the problem of 'adverse selection' in an uncertain situation. Suggest solutions to such problem.  $8+7=15$

UNIT—V

9. (a) What is 'efficiency wage'? Why does it persist in an economy?  
(b) What problems are encountered in measuring inequality in an economy?  $(3+4)+8=15$
10. Write short notes on any *three* of the following :  $5 \times 3 = 15$
- (a) Poverty rate and poverty measurement
  - (b) Utilitarianism
  - (c) Libertarianism
  - (d) Liberalism

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