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PG Even Semester (CBCS) Exam., May—2019

ECONOMICS

(2nd Semester)

Course No. : ECOCC–201

(Microeconomic Analysis—II)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

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

Answer **one** question from each Unit

UNIT—I

1. How do dynamic models of Sales Revenue Maximization constitute an improvement over the static models? Show how the process of sales revenue maximization differs in the dynamic models as compared to the static models. 2+7+5=14

2. What do you understand by Mark-up Pricing? How does it offer an alternative to the Marginalist Pricing principle? Explain the process of price determination using the mark-up rule. Under what conditions can it be derived as a special case of marginal cost pricing? 2+4+4+4=14

UNIT—II

3. What are the problems encountered in social welfare maximization? Discuss in detail Pareto's optimality theorem. What are its limitations? Elaborate. 4+8+2=14

4. *(a)* Discuss Coase theorem and analyse its suitability in actual field.

   (b) Discuss the problems associated with production of public goods. Offer a solution to pricing of such goods.
   (6+2)+(3+3)=14

UNIT—III

5. What do you mean by the Weak Axiom of Revealed preference? Show that when customer preferences satisfy the Weak Axiom of Revealed Preference, a general equilibrium

solution will be dynamically stable. Further examine the issues relating to the uniqueness of the general equilibrium solution. 3+6+5=14

6. Construct a simple general equilibrium model for an exchange economy and show how it can be used to derive Walras' law. Does Walras' law apply to both equilibrium and disequilibrium situations? Examine the role of the Walrasian auctioneer in finding the general equilibrium solution through tatonnement. 4+3+2+5=14

UNIT—IV

7. What is the problem of moral hazard in economics? How does it effect an insurance market? How can such problems be minimized? Examine. 3+8+3=14

8. *(a)* Illustrate economics of search with a suitable example.

(b) What is theory of efficient market hypothesis? What are its various versions? 7+(4+3)=14

UNIT—V

9. Illustrate the determination of rate of interest with saving and investment, lending and borrowing. 14

10. Write short notes on any *two* of the following : 7×2=14

(a) Management of non-exhaustible resources

(b) Risk-free rates plus premium

(c) Dividend valuation model

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