2 0 1 9

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 **five** questions, taking **one** 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 maximisation differs in the dynamic models as compared to static models. 2+7+5=14

(2)

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

UNIT—II

3. Discuss Pareto's optimality theorem and its limitations. How does compensation principle in relevant to Pareto's theorem? Explain. 8+2+4=14

4. *(a)* Discuss Coase theorem and analyze its adaptability in real world.

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

UNIT—III

5. What do you mean by weak axiom of revealed preference? Show that when customer preferences satisfy the weak axiom of revealed preference, a general equilibrium will be dynamically stable. Further examine the issues relating to the uniqueness of the general equilibrium solution. 3+6+5=14

(3)

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 this effect an insurance market? Offer some solutions.
                3+8+3=14

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

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

UNIT—V

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

(4)

10. Write short notes on (any *two*) :   7×2=14

(a) Pricing of exhaustible resources

(b) Net present value rule for investment decisions

(c) Dividend valuation model

★ ★ ★