

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
MA DEGREE EXAMINATION DECEMBER 2023
(Second Semester)
Branch – ECONOMICS

ADVANCED MICRO ECONOMIC THEORY - II

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. Game theory is concerned with rational decision-making when an individual's welfare/utility depends
 - a) only on his own decision
 - b) entirely on change
 - c) on the interaction of his decision with that of others
 - d) All of the above
2. The marginal productivity theory of distribution is explained by J.B, Clark in his book
 - a) Social justice without socialism 1914
 - b) Essentials of economic theory 1907
 - c) The distribution of wealth: A theory of wages, interest and profits 1899
 - d) None of the above
3. The implication of asymmetric information about product quality was first analysed by
 - a) Kenneth Lehn b) Micheal Spence
 - c) George Akerlof d) Harvey Leibenstein
4. In a Walrasian equilibrium
 - a) firms use market power to increase their profits
 - b) Walras law states that the allocation is Pareto efficient
 - c) Walras law states the any Pareto efficient allocation can be decentralized
 - d) consumers are price takers
5. Complete the following sentence "In a sensitivity analysis:
 - a) We change parameter values to test their effect on the dynamics of the system"
 - b) We change the values of time and/or space"
 - c) We estimate the parameter values which better fit the experimental data"
 - d) We predict and analyse equilibrium states"

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a State the sequential and simultaneous games.
OR
b Analyse the Nash equilibrium.
- 7 a Explain the Product exhaustion theorem.
OR
b Show the elasticity of technical substitution .
- 8 a Apply the national income as a measure of economic welfare.
OR
b Outline the asymmetric information.

Cont...

- 9 a Determine the Partial Equilibrium.
OR
b Sketch out the uniqueness of general equilibrium.
- 10 a Evaluate the Sensitivity analysis.
OR
b Summarise the Economics of insurance.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

- 11 a Analyse the Cournot model of oligopoly.
OR
b Appraise the Stackelberg oligopoly model.
- 12 a Elucidate the Marginal productivity theory of distribution.
OR
b Analyse the determination of rent and wages.
- 13 a Criticise the theory of second best.
OR
b Evaluate the Rawl's theory of justice.
- 14 a Construct the Walras excess demand and output approaches.
OR
b Survey the existence, stability and uniqueness of equilibrium.
- 15 a Create the mean variance analysis and portfolio selection.
OR
b Determine the factor demand under price uncertainty.

Z-Z-Z

END