

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
MA DEGREE EXAMINATION MAY 2025
(First Semester)
Branch - ECONOMICS

ADVANCED MICROECONOMIC THEORY -I

Maximum: 75 Marks

Time: Three Hours

SECTION-A (10 Marks)
Answer ALL questions
ALL questions carry EQUAL marks (10 × 1 = 10)

| Module No. | Question No. | Question | K Level | CO |
|------------|--------------|---|---------|-----|
| 1 | 1 | Micro Economic theory studies how a free enterprise economy determine ----- (a) The price of goods (b) The price of services (c) The Price of economic resources (d) All the above | K1 | CO1 |
| | 2 | The term "scale of preference" is implicit in ----- (a) Cardinal utility theory (b) Indifference curve theory (c) Revealed preference theory (d) Linear expenditure system | K2 | CO1 |
| 2 | 3 | The process of capital formation involves ----- (a) Increase in the volume of real savings (b) Mobilization of savings (c) Investment of savings (d) All the above | K1 | CO2 |
| | 4 | In Cobb-Douglas production function, C stands for ----- (a) Land (b) Quantity of Labour (c) Wage to labour (d) Capital | K2 | CO2 |
| 3 | 5 | In a perfectly competitive market a firm in the long run will be in equilibrium when ----- (a) AC = MC (b) AR = MR (c) MR = MC (d) Price = AR = MR = AC = MC | K1 | CO3 |
| | 6 | Price discrimination will always lead to ----- (a) Decrease in output (b) No change in output (c) Increase in output (d) Increase in output followed by decrease in output | K2 | CO3 |
| 4 | 7 | A situation, such that one or a few firms typically initiate price changes and other firms in the industry follows ----- (a) Cartel (b) Shared monopoly (c) Price leadership (d) Collusion | K1 | CO4 |
| | 8 | The upper portion of the kinked demand curve is relatively ----- (a) Less elastic (b) More inelastic (c) Inelastic (d) More elastic | K2 | CO4 |
| 5 | 9 | What is full cost? (a) Average direct costs (b) Average overhead costs (c) Normal profit for margin (d) All taken together | K1 | CO5 |
| | 10 | The theory which state " the typical Oligopolists objective usually be characterized approximately as sales maximisation subject to minimum profit constraint " is associated with ----- (a) Herbertson (b) Simon (c) Klein (d) W.J. Baumol | K2 | CO5 |

Cont...

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

| Module No. | Question No. | Question | K Level | CO |
|------------|--------------|--|---------|-----|
| 1 | 11.a. | Examine the historical development of consumer theory. | K4 | CO1 |
| | (OR) | | | |
| | 11.b. | Examine Lancaster's characteristics approach to the demand theory. | | |
| 2 | 12.a. | Examine the significance of economies of scale in the production with suitable illustration. | K4 | CO2 |
| | (OR) | | | |
| | 12.b. | Distinguish between the long-run and short-run cost curve. | | |
| 3 | 13.a. | Explain pricing under monopolistic competition. | K2 | CO3 |
| | (OR) | | | |
| | 13.b. | Summarize the different types of monopoly. | | |
| 4 | 14.a. | Interpret Edgeworth model of Oligopoly | K5 | CO4 |
| | (OR) | | | |
| | 14.b. | Compare collusive and non-collusive oligopoly. | | |
| 5 | 15.a. | Analyse Marginalist Controversy. | K4 | CO5 |
| | (OR) | | | |
| | 15.b. | Examine Marris's Model of Managerial Enterprise. | | |

SECTION - C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

| Module No. | Question No. | Question | K Level | CO |
|------------|--------------|--|---------|-----|
| 1 | 16 | Analyse the price elasticity of demand with its measurements. | K4 | CO1 |
| 2 | 17 | Illustrate CSE production function. | K5 | CO2 |
| 3 | 18 | Explain the methods of measuring the degree of monopoly power. | K5 | CO3 |
| 4 | 19 | Evaluate kinked demand curve. | K5 | CO4 |
| 5 | 20 | Examine Bain's limit pricing model. | K4 | CO5 |

Z-Z-Z

END