

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MA DEGREE EXAMINATION MAY 2024
(First Semester)

Branch – ECONOMICS

ADVANCED MICRO ECONOMIC THEORY – I

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 × 1 = 10)

1. "Utility or Satisfaction is a subjective concept therefore it could only be ranked", the statement supports.
i) Cardinal utility theorist ii) Behavioral theorist of the firm
iii) Ordinal utility theorist iv) None of the above
2. Strong ordering means
i) Absence of indifference
ii) Presence of indifference
iii) No difference between different combinations
iv) None of the above
3. Total production will be maximum when?
i) Marginal production is maximum
ii) Average production is maximum
iii) Marginal production is zero
iv) Average production is equal to marginal production
4. Which cost curve is known as rectangular hyperbola?
i) MC ii) AC iii) AVC iv) AFC
5. Most efficient form of market is
i) Perfect competition ii) monopoly
iii) Oligopoly iv) Monopolist competition
6. Competition is preferred to collusion as a means of profit maximization under
i) Perfect competition ii) Imperfect competition
iii) Cooperative oligopoly iv) Non- cooperative oligopoly
7. Firm under oligopoly are able to earn
i) Normal profit ii) Super normal profits
iii) Losses iv) None of the above
8. Firms cooperate with each other determining price or output or both. it is feature of
i) Pure oligopoly ii) Non-collusive oligopoly
iii) Imperfect oligopoly iv) Collusive oligopoly
9. According to ----- modern firms are managed by both the manager and the share holders (owners).
i) Robin Marri's ii) Baumol's iii) Bain's iv) Willamson's
10. The theory of Managerial utility maximization is also known as
i) Managerial Discretion theory ii) Marginal utility theory
iii) Limit pricing theory iv) None of the above

Cont...

SECTION - B (35 Marks)Answer **ALL** questions**ALL** questions carry **EQUAL** Marks (5 × 7 = 35)

11. a) Explain why does a demand curve slope downward from left to right.
OR
b) Illustrate the assumptions of ordinal utility approach.
12. a) Discuss the laws of returns.
OR
b) Discuss the various concept of cost.
13. a) What are the wastes of Monopolistic competition?
OR
b) When is Price discrimination Profitable?
14. a) Describes the features of Oligopoly.
OR
b) Discuss the Edgeworth model.
15. a) Evaluate Hall & Hitch Full Costing Pricing.
OR
b) Criticize the William son's Model of Managerial Discretion.

SECTION -C (30 Marks)Answer **ANY THREE** questions**ALL** questions carry **EQUAL** Marks (3 × 10 = 30)

16. Analyse the Price Elasticity of demand.
17. Appraise the properties of Isoquants.
18. Describe the degrees of price discrimination.
19. Explain the Cournot Model.
20. Discuss the concept of Bain's limit pricing theory.

Z-Z-Z

END