

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BA DEGREE EXAMINATION MAY 2018
(Second Semester)

Branch- ECONOMICS

MICRO ECONOMICS - II

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 2 = 20)

- 1 Define marginal revenue.
- 2 State the features of average fixed cost.
- 3 What is price discrimination?
- 4 Define normal profit.
- 5 What do you mean by group equilibrium?
- 6 Give the meaning of selling cost.
- 7 What is collective bargaining?
- 8 Distinguish between economic rent and contract rent.
- 9 State the Agio theory of interest.
- 10 What do you understand by shut - down point?

SECTION - B (25 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 × 5 = 25)

- 11 a Explain the relationship between average cost and marginal cost.
OR
b Describe with suitable examples the diseconomies of scale.
- 12 a Distinguish between pure competition and perfect competition.
OR
b Explain the features of monopoly.
- 13 a What is price leadership? Describe its kinds.
OR
b Enumerate the different defects of monopolistic competition.
- 14 a Define land and explain its characteristics.
OR
b Discuss the subsistence theory of wages.
- 15 a Evaluate the dynamic theory of profit.
OR
b Explain the neo-classical theory of interest.

SECTION - C (30 Marks)

Answer any THREE Questions

ALL Questions Carry EQUAL Marks (3 × 10 = 30)

- 16 What is LAC? How is it derived?
- 17 Explain how equilibrium price and output is determined under monopoly.
- 18 Describe with the suitable diagram the concept of excess capacity.
- 19 Evaluate the marginal productivity theory of distribution.
- 20 Discuss the liquidity preference theory of interest.