

**SECOND SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, APRIL 2023**

(CBCSS)

Economics

ECO 2C 05—MICRO ECONOMICS THEORY AND APPLICATIONS—II

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A

Answer all questions.

Each bunch of five questions carries 1/5 weightage.

1. Which of the following is the characteristic of a common pool resource is :
 - A) Non- excludable and Non- rivalrous.
 - B) Non- excludable and Rivalrous.
 - C) Excludable and Rivalrous.
 - D) Excludable and Non- rivalrous.
2. A graphical illustration used to explain efficiency conditions and the allocations of some goods and resources can be, improved through an exchange is called :
 - A) Production possibility curve.
 - B) Phillips curve.
 - C) Edgeworth box diagram.
 - D) Social indifference curves.
3. The locus of pareto optimality in production and consumption is given by :
 - A) The social welfare function.
 - B) The utility possibility function.
 - C) The transformation curve.
 - D) The grand utility possibility curve.
4. Public roads are examples of :
 - A) Global public goods.
 - B) Club goods.
 - C) Quasi public goods.
 - D) Common resources.

26. Examine the net present value criterion of capital investment.
27. Discuss the elements of general equilibrium analysis.
28. What are the solutions of market failure ?
29. Critically evaluate Arrows impossibility theorem.
30. Briefly explain the biases in decision making.
31. Write a short note on Lindahl's pricing.
32. What do you mean by market failure ?
33. Distinguish between positive and negative externalities.

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any two questions.

Each question carries 4 weightage.

34. Examine the efficiency wage theory.
35. Explain "tragedy of commons" with suitable examples and solutions.
36. Discuss the different criteria of social welfare.
37. Analyse the Capital Asset Pricing Model.

(2 × 4 = 8 weightage)