

**QP CODE**

**C2086**

**Enrollment Number: .....**

**Name: .....**

**M.A. DEGREE EXAMINATIONS, AUGUST 2025**

**Second Semester**

**M.A. Economics**

**M23EC05DC – Microeconomics II**

**(2024 July admissions)**

**Time: 3 Hours**

**Max Marks: 70**

**Section A**

**Answer any ten of the following questions in a word or sentence each. Each question carries 1 mark.**

1. Wage under monopsony.
2. Scarcity rent.
3. Neo-classical theory of interest.
4. Surplus value.
5. Arrow's impossibility theorem.
6. Sen's capability theory.
7. Welfare maximization.
8. Theory of second best.
9. Negative externality in production.
10. Market failure.
11. Common property resources.
12. Pareto efficiency.
13. Risk spreading.
14. Asymmetric information.
15. Speculative motive.

**(1X10=10)**

**Section B**

**Answer any five of the following questions in two or three sentences each. Each question carries 2 marks.**

16. Features of imperfect labour markets.
17. Key elements in the classical interest theory.

18. Private and public goods.
19. Common property resources.
20. Major reasons why moral hazard occurs.
21. Effects of information asymmetry in markets.
22. Quasi-rent with examples.
23. Explain the equity-efficiency trade-off with example.
24. Explain the tragedy of the commons.
25. Walrasian system.

**(2X5=10)**

### **Section C**

**Answer any five of the following questions in a paragraph each. Each question carries 4 marks.**

26. Write a short note on Schumpeter's theory of profit.
27. Adding-up problem in marginal productivity theory.
28. Briefly explain the Kaldor-Hicks compensation criterion.
29. The role of perfect competition in achieving Pareto efficiency?
30. Discuss the concept of Lindahl pricing.
31. Write a short note on the free rider problem.
32. Explain the concept of risk aversion with suitable diagram.
33. Discuss the role of insurance in risk management.

**(4X5=20)**

### **Section D**

**Answer any three of the following questions in two pages each. Each question carries 10 marks.**

34. Explain Kalecki and Kaldor's theory of distribution.
35. Critically examine the Arrow and Debreu social welfare function.
36. Explain positive and negative externalities in production and consumption.
37. Examine the issues of adverse selection and moral hazard in the insurance market.
38. Explain the determination of wages under perfectly competitive market under short run and long run equilibrium.
39. Explain the principal agent problem and its implications in markets.

**(10X3=30)**