

12/12/16



DOON UNIVERSITY, DEHRADUN
Final Examination, M. Sc Fifth, Tenth, M.A. Third Semester 2016
School of Social Sciences
Course: SSEI 369 LABOUR ECONOMICS

Time Allowed: 3Hours

Maximum Marks: 50

Note: Attempt All Questions from Sections A and B and two from Section C.

Section A

Attempt all Questions.

(5x2=10)

1. What do you understand by Reservation wage?
2. What do you mean by scale effect?
3. Why long run demand curve for labour is more elastic than short run demand curve.
4. What do you understand by marginal rate of technical substitution?
5. What do you understand by elasticity of substitution?

Section B

Attempt all Questions.

(5x4=20)

1. Explain why labour supply curve is backward bending
2. What do you mean by labour supply elasticity? Is it positive or negative and why?
3. Prove that that slope of isocost is ratio of input prices.
4. Explain the impact of immigration on the labour market in long run.
5. What are isoquants? Give similarity and difference between substitution and scale effect

Section C

Attempt any two questions.

(2x10=20)

1. What happens to hours of work when the wage rate falls? Decompose the change in hours of work into income and substitution effect.
2. What do you understand by substitution effect? Show how the effect of wage cut encourages the firm to readjust its input mix by decomposing the impact into substitution and scale effect.
3. Prove that profit maximizing firms will use the combination of labour and capital that equates the ratio of marginal products to the ratio of input prices.