

30/5/2016



Doon University, Dehradun
Final Examination, 2016
School of Social Science
MSc Semester – II (Economics)
Course – SSEI -150
Microeconomics

Time Allowed: 3hrs

Maximum Marks: 50

Section - A

(5x2 = 10 Marks)

Attempt all questions

1. What is meant by a 'maximin strategy'?
2. Explain any two cases which violate the premises of indifference curve approach.
3. Explain the concept of elasticity of substitution.
4. Define public goods with the help of suitable examples.
5. How does the principal-agent problem arise? Give example.

Section - B

Attempt any five questions

(4x5=20 Marks)

1. How is general equilibrium approach different from partial equilibrium approach?
2. What is Pareto-optimality? Explain the three marginal conditions that must be satisfied for the attainment of Pareto efficient situation in an economy.
3. Explain 'Bilateral Monopoly'.
4. Explain the model developed by Chamberlin that assumes that the number of firms in the industry is optimal and long-run equilibrium is reached through price adjustments of the existing firms.
5. State the features of perfect competition. And also explain the short run equilibrium of the industry.
6. Explain the oligopoly model when dominant-firm is the price leader.

Section - C

(5x4=20 Marks)

Attempt any four questions.

1. Explain the cartels aiming at joint profit maximisation.
2. Explain Cournot's Duopoly Model with the help of reaction curves approach.

3. In the long run the monopolist has the time to expand his plant, or to use his existing plant at any level which will maximise his profit. With entry blocked, however, it is not necessary for the monopolist to reach an optimal scale. The size of his plant and the degree of utilization of any given plant size depend entirely on market demand. Explain.
4. What is 'revealed preference hypotheses'? How does it help in establishing the law of demand?
5. Show the choice of optimal combination of factors of production by a firm where it minimises its cost for a given level of output.