

ST. JOSEPH’S UNIVERSITY, BENGALURU -27

M.A. ECONOMICS – I SEMESTER

SEMESTER EXAMINATION: OCTOBER 2023

**(Examination conducted in November /December 2023)**

EC 7221/ EC 7212: Micro Economic Theory

(For current batch students only)

**Time: 2 Hours Max Marks: 50**

**This paper contains 1 printed page and 3 parts**

**PART-A**

**Answer any FIVE of the following 2\*5 = 10**

1. What is the difference between income consumption curve (ICC) and price consumption curve (PCC)?
2. What is the difference between short run and long run production function?
3. Explain the difference between partial and general equilibrium with an example.
4. Draw the indifference curve when consumer has satiation in both the commodities.
5. What is Kaldor Hicks compensation criterion?
6. Explain the characteristics of monopolistic competition. Give an example.
7. State Arrow’s Impossibility Theorem.

**PART-B**

**Answer any TWO of the following 5\*2 = 10**

1. Explain the difference between Bandwagon effect and Snob effect.
2. Using compensating variation of income method, prove that price effect is the summation of substitution effect and income effect when both goods are normal.
3. Explain how factor prices are determined when there is perfect competition in product as well as factor markets.

**PART-C**

**Answer any TWO of the following 15\*2 = 30**

1. Discuss the three stages of production.
   1. Explain the features of a perfectly competitive market.
   2. Discuss different situations of short run equilibrium in a perfectly competitive market.
2. What do we mean by Pareto-optimal situation? What are the conditions that need to be satisfied to achieve Pareto-optimality?