2019

(2nd Semester)

ECONOMICS

Paper : Eco–201

(Microeconomics—II)

Full Marks : 70 *Pass Marks* : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(*Marks* : 45)

The figures in the margin indicate full marks for the questions

1. Explain the important features of a perfectly competitive market. 9

Or

Explain the conditions necessary for the existence of monopoly. How can monopoly be controlled and regulated? 3+6=9

(*Turn Over*)

2. What is product differentiation? Explain how product differentiation and advertisement influence the price and output of a firm working under monopolistic competition. 2+7=9

Or

Explain the short-run/long-run equilibrium of a firm under monopolistic competition. 9

3. Explain how price and output are determined in Edgeworth's duopoly model. Can a determinate and unique equilibrium be reached? 7+2=9

Or

Explain price rigidity in oligopoly market with the help of kinked demand curve. 9

4. What is collective bargaining? Examine how collective bargaining determines the wage rate. 2+7=9

Or

Critically examine Ricardian theory of rent. 9

5. Explain the neoclassical theory of interest. 9

Or

"Profit is the reward for uncertainty bearing." Discuss. 9

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ECONOMICS

Paper : Eco–201

(Microeconomics—II)

(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions

SECTION—I

(*Marks* : 15)

A. Tick ☑ the correct answer in the box provided : 1×10=10

1. In a monopoly market situation

   (a) the products have no close substitutes ☐

   (b) the products are homogeneous ☐

   (c) a monopolist is a price-taker ☐

   (d) a monopolist has no control on supply ☐

2. Under perfect competition, a firm's short-run equilibrium is achieved, when

   (a) MC = MR ☐

   (b) MC curve is rising at the point of equilibrium ☐

   (c) Both *(a)* and *(b)* ☐

   (d) None of the above ☐

3. The theory of group equilibrium of monopolistic competition is developed by

   (a) Joan Robinson ☐

   (b) E. H. Chamberlin ☐

   (c) A. P. Lerner ☐

   (d) Paul M. Sweezy ☐

4. Under monopolistic competition, the entry of firm is

   (a) restricted ☐

   (b) blocked ☐

   (c) easy ☐

   (d) limited ☐

5. The key feature of oligopoly is

   (a) high profitability ☐

   (b) product differentiation ☐

   (c) interdependence of firms ☐

   (d) easy entry ☐

6. Each seller assumes his/her rival's output as being constant under

   (a) Cournot's duopoly model ☐

   (b) Edgeworth's non-collusive model ☐

   (c) Sweezy model of kinked demand ☐

   (d) All of the above ☐

7. Quasi-rent has been popularized by

   (a) Marshall ☐

   (b) Adam Smith ☐

   (c) Robertson ☐

   (d) Ricardo ☐

8. According to modern theory, rent arises on account of

   (a) land only ☐

   (b) labour only ☐

   (c) capital only ☐

   (d) All of the above ☐

9. The classical theory explained interest as a reward for

   (a) risk-taking ☐

   (b) abstinence ☐

   (c) parting with liquidity ☐

   (d) inconvenience ☐

10. Net profit stands for

   (a) total revenue – (total cost + depreciation) ☐

   (b) gross profit – implicit cost ☐

   (c) gross profit – explicit cost ☐

   (d) None of the above ☐

B. Indicate whether the following statements are *True (T)* or *False (F)* by a Tick (✓) mark : 1×5=5

1. A monopoly can fix price and output simultaneously to maximize his profit.

   (T / F)

2. Under monopolistic competition, selling costs are essential to push up the sales.

   (T / F)

3. Pure oligopoly is a market where products of a few sellers are differentiated.

   (T / F)

4. Real wages include money wages and various benefits which the workers receive in terms of goods and services for their work.

   (T / F)

5. Innovation theory of profit was given by Joseph A. Schumpeter.

   (T / F)

SECTION—II

(*Marks* : 10)

C. Write short notes on any *five* of the following : 2×5=10

1. Price discrimination
2. Selling costs
3. Duopoly
4. Wage differentials
5. Non-insurable risks
6. Types of Oligopoly
7. Money Wages and real Wages.