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(2nd Semester)

ECONOMICS

Paper No. : 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. Why are firms called 'price-taker' in perfectly competitive market? State and explain the main characteristics of perfectly competitive market. 3+6=9

Or

What is price discrimination? State and explain the conditions under which it is possible and profitable for a monopolist to practice price discrimination. 2+7=9

2. Distinguish between selling cost and production cost. How do selling costs influence equilibrium of a firm operating under the conditions of monopolistic competition? 4+5=9

Or

Critically examine Chamberlin theory of group equilibrium. 9

3. Explain the kinked demand curve model of non-collusive oligopoly. 9

Or

Critically discuss the Cournot's duopoly model of oligopoly market.

4. Distinguish between money wage and real wage. Explain the nature of labour supply curve. 4+5=

Or

State and explain the Ricardian theory of rent. 9

5. Critically examine the liquidity preference theory of interest. 9

Or

Distinguish between gross profit and net profit. Differentiate between insurable and non-insurable risks. 4+5=9

2015

(2nd Semester)

ECONOMICS

Paper No. : 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. Under perfect competition, the AR curve of the firm is

(a) U-shaped

(b) vertical

(c) horizontal

(d) a 45° straight line

2. Selling cost was introduced by
- (a) Cournot
 - (b) Marshall
 - (c) Chamberlin
 - (d) Sweezy
3. Price discrimination will be profitable only, if the elasticity of demand in different submarkets is
- (a) uniform
 - (b) different
 - (c) less than one
 - (d) zero
4. Under monopolistic competition, entry of firm is
- (a) restricted
 - (b) easy
 - (c) blocked
 - (d) limited

5. Price discrimination is possible in
- (a) monopoly
 - (b) monopolistic market
 - (c) duopoly market
 - (d) perfect competition
6. "Firms are price-taker." The statement applies to
- (a) perfect competition
 - (b) monopolistic competition
 - (c) monopoly
 - (d) Both (b) and (c)
7. According to Keynes, interest is the reward for parting with
- (a) liquidity
 - (b) resources
 - (c) credit
 - (d) cash balance

8. Under liquidity trap situation, the liquidity preference curve
- (a) is perfectly elastic
 - (b) is perfectly inelastic
 - (c) intersects the vertical axis
 - (d) intersects the horizontal axis
9. Who propounded the innovations theory of profit?
- (a) Clark
 - (b) Knight
 - (c) Marshall
 - (d) Schumpeter
10. According to whom, 'rent' is a differential surplus?
- (a) Robbins
 - (b) Marshall
 - (c) Taussig
 - (d) Ricardo

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

1. Under perfect competition, a firm can earn only normal profits in the long run.

(T / F)

2. Monopoly price is always higher than competitive price.

(T / F)

3. The average revenue curve in monopolistic competition is horizontal straight line.

(T / F)

4. The classical theory of interest is based on the assumption of full-employment.

(T / F)

5. The risk theory of profit is associated with the name of Marshall.

(T / F)

(6)

SECTION—II

(Marks : 10)

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

1. Market price

2. Monopoly power

3. Characteristics of oligopoly

4. Selling cost

4000

+

1000

4000

4000

5. Gross profit

6. Scarcity rents

7. Collective bargaining
