2017

(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. What is a monopoly market? Explain the short-run equilibrium of a firm under monopoly. 2+7=9

Or

Explain the features of various forms of market under imperfect competition. 9

2. What is supernormal profit? How do you obtain the equilibrium of the individual firm in the short run under monopolistic competition? 2+7=9

Or

Distinguish between production cost and selling cost. Explain the firm equilibrium under selling cost. 4+5=9

3. Discuss the important features of an oligopoly market giving suitable examples. 9

Or

Explain price rigidity under oligopoly. 9

4. Discuss the Ricardian theory of rent. 9

Or

Explain the modern theory of wages. 9

5. Explain the risk bearing theory of profit. 9

Or

Explain the neoclassical theory of interest. 9

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ECONOMICS

Paper No. : Eco–201

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(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. Price discrimination is not possible under which form of market?

   (a) Perfect competition ☐

   (b) Monopolistic competition ☐

   (c) Monopoly ☐

   (d) Oligopoly ☐

2. Perfect competition is said to exist, if

   (a) the nature of the product is not homogeneous ☐

   (b) each firm is a price-taker ☐

   (c) the industry consists of a small number of firms ☐

   (d) there is no freedom to entry and exit ☐

3. Under monopolistic competition, the products are

   (a) homogeneous ☐

   (b) identical ☐

   (c) close substitutes to each other ☐

   (d) supplementary to each other ☐

4. In the long run, a monopolistic firm can earn/incur

   (a) supernormal profit ☐

   (b) normal profit ☐

   (c) loss ☐

   (d) None of the above ☐

5. The earliest model of oligopoly was developed by

   (a) Paul M. Sweezy ☐

   (b) Hall and Hictch ☐

   (c) Augustin Caurnot ☐

   (d) J. B. Say ☐

6. The simplest form of oligopoly market is

   (a) monopoly ☐

   (b) monopsony ☐

   (c) duopoly ☐

   (d) closed oligopoly ☐

7. The only factor of production which can earn 'negative return' is

   (a) land ☐

   (b) labour ☐

   (c) capital ☐

   (d) entrepreneur ☐

8. The concept of 'quasi-rent' was introduced by

(a) Adam Smith ☐

(b) Alfred Marshall ☐

(c) J. Schumpeter ☐

(d) F. B. Hawley ☐

9. According to whose theory, 'interest is rewarded for parting with liquidity'?

(a) J. S. Mill ☐

(b) F. Walker ☐

(c) J. M. Keynes ☐

(d) A. Marshall ☐

10. Innovation theory of profit is associated with

(a) J. Schumpeter ☐

(b) J. S. Mill ☐

(c) F. Walker ☐

(d) Knight ☐

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

1. Price discrimination is always possible under perfect competition.

   (T / F)

2. There is no noticeable effects of selling cost under monopolistic competition.

   (T / F)

3. Syndicate is a form of collusive oligopoly.

   (T / F)

4. Quasi-rent is an earning only in the short run.

   (T / F)

5. According to Hawley, lower is the risk, higher is the profit.

   (T / F)

SECTION—II

(*Marks* : 10)

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

1. Monopoly power

2. Features of monopolistic competition

3. Collective bargaining of labour union

4. Scarcity rent

5. Insurable risks

6. Profit as a reward for innovation

7. Marginal physical product (MPP)

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