

2 0 1 9

(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

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 : $2 \times 5 = 10$

1. Price discrimination

2. Selling costs

3. Duopoly

4. Wage differentials

5. Non-insurable risks

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44

6. Types of oligopoly

7. Money wages and real wages
