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(2nd Semester)

ECONOMICS

Paper : ECO–201

(Microeconomics—II)

(New Course)

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. (a) Explain how a firm can attain equilibrium under perfect competition. 9

Or

(b) What is a monopoly market? Discuss how can monopoly be controlled and regulated. 2+7=9

2. *(a)* Discuss the Chamberlin's approach to monopolistic competition. 9

Or

(b) Explain how an individual firm attains equilibrium under monopolistic competition.

3. *(a)* Discuss the characteristics of oligopoly market. 9

Or

(b) Critically examine Edgeworth's model of oligopoly market.

4. *(a)* Examine how collective bargaining determines the wage rate. 9

Or

(b) Discuss the Ricardian theory of rent.

5. *(a)* What is net interest? Discuss the Knight's uncertainty theory of interest.

2+7=9

Or

(b) Discuss the Clarke's dynamic theory of profit. 9

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(2nd Semester)

ECONOMICS

Paper : ECO–201

(**Microeconomics—II**)

(New Course)

(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions

SECTION—I

(*Marks* : 15)

1. Put a Tick (✓) mark against the correct answer in the brackets provided : 1×10=10

   (a) A firm under perfect competition attains equilibrium when MC curve cuts MR curve from

      (i) right   (   )

      (ii) left   (   )

      (iii) below   (   )

      (iv) above   (   )

(b) In monopoly market situation

   (i) the products have no close substitutes ( )

   (ii) the products are homogeneous ( )

   (iii) seller is price-taker ( )

   (iv) buyer controls supply ( )

(c) Market price of a commodity is determined by

   (i) supply ( )

   (ii) demand ( )

   (iii) size of the market ( )

   (iv) cost of production ( )

(d) Under monopolistic competition, the entry of firm is

   (i) limited ( )

   (ii) blocked ( )

   (iii) easy ( )

   (iv) None of the above ( )

(e) The key feature of oligopoly is

    (i) high profit ( )

    (ii) product differentiation ( )

    (iii) one seller ( )

    (iv) inter-dependence of firms ( )

(f) Each seller assumes his/her rival's output as being constant under

    (i) Edgeworth's non-collusive model ( )

    (ii) Cournot's duopoly model ( )

    (iii) Sweezy's kinked demand model ( )

    (iv) None of the above ( )

(g) According to Ricardo, rent occurs due to

    (i) law of increasing returns ( )

    (ii) law of diminishing returns ( )

    (iii) law of constant returns ( )

    (iv) All of the above ( )

(h) According to modern theory, rent arises on account of

    (i) land only   ( )

    (ii) labour only   ( )

    (iii) capital only   ( )

    (iv) All of the above   ( )

(i) The classical theory explained interest as a reward for

    (i) parting with liquidity   ( )

    (ii) abstinence   ( )

    (iii) use of capital   ( )

    (iv) inconvenience   ( )

(j) Dynamic theory of profit was propounded by

    (i) Clarke   ( )

    (ii) Hawley   ( )

    (iii) Schumpeter   ( )

    (iv) None of them   ( )

2. State whether the following statements are *True* or *False* by putting a Tick (✓) mark in the brackets provided :   1×5=5

(a) A monopoly can fix price and output simultaneously to maximize his profit.

True (   ) / False (   )

(b) Product differentiation is the cornerstone of monopolistic competition.

True (   ) / False (   )

(c) Cournot's duopoly model explained with kinked demand curve.

True (   ) / False (   )

(d) Ricardo assumes that rent arises due to scarcity.

True (   ) / False (   )

(e) Hawley propounded risk theory of profit.

True (   ) / False (   )

(6)

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

(a)   Price discrimination

(b) Selling cost

[8]

b) Features of oligopoly

(d) Cartel

(e) Differential rent

(f) Insurable risks

* * *

(g) Innovation theory of profit

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