

Total No. of Printed Pages—7

**4 SEM TDC ECOH (CBCS) C 8**

**2024**

( May/June )

**ECONOMICS**

( Core )

Paper : C-8

**( Advanced Microeconomics )**

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. Choose the correct option/Answer the following :

1×8=8

(a) What is Pareto efficiency?

24P/1238

( Turn Over )





( 2 )

(b) The theory of Second Best was formulated by

- (i) Kaldor and Hicks
- (ii) Lipsey and Lancaster
- (iii) Bergson and Samuelson
- (iv) None of the above

(c) The profit maximising output level for a monopolist occurs at the point where

- (i) total cost is minimised
- (ii) total revenue is maximised
- (iii) total revenue = total cost
- (iv) the TR and TC curves are parallel

(d) The kinked demand model was suggested by

- (i) Kaldor
- (ii) Samuelson
- (iii) Sweezy
- (iv) None of the above

( 3 )

(e) A two-person zero-sum game means that the

- (i) sum of losses to one player is equal to the sum of gains to other
- (ii) sum of losses to one player is not equal to the sum of gains to other
- (iii) no player gains or loses
- (iv) None of the above

(f) Which of the following is not a characteristic of oligopoly market?

- (i) Mutual interdependence
- (ii) Substantial barrier to entry
- (iii) No barrier to entry
- (iv) Relatively small sellers

(g) Which of the following statements is not true?

- (i) If social costs are higher than private costs, external costs are present.



( 4 )

- (ii) If a product generates external costs, fewer resources should be devoted to its production.
- (iii) Consumer will buy too much of the product that creates external benefits.
- (iv) In the presence of externalities, resources are not used optimally.
- (h) In case of positive externality, external effect generates
- (i) costs to a third party
  - (ii) benefits to a third party
  - (iii) consumption externality
  - (iv) None of the above
2. Write short notes on any four of the following : 4×4=16
- (a) Excess capacity
  - (b) Sources of monopoly

24P/1238

( Continued )

( 5 )

- (c) Cartels
  - (d) Entry deterrence
  - (e) Adverse selection
3. (a) Using production possibility frontier and Edgeworth exchange box diagram, explain the concept of General Equilibrium in a competitive market. 12
- Or
- (b) What is Pareto optimality? State the conditions of Pareto optimality regarding—
- (i) distribution of goods between individuals;
  - (ii) allocation of resources between firms. 4+4+4=12
4. (a) Distinguish between simple monopoly and discriminating monopoly. Show graphically how a discriminating monopoly attains equilibrium. 4+7=11

24P/1238

( Turn Over )



( 6 )

Or

- (b) What is price discrimination? Explain and distinguish between the first, the second and the third degree of price discrimination with examples.

2+3+3+3=11

5. (a) What is kinked demand curve? How does it help in explaining price rigidity under oligopoly?

3+8=11

Or

- (b) Explain how equilibrium output and price are determined in Cournot's duopoly model. State the underlying assumptions.

8+3=11

6. (a) Distinguish between cooperative and non-cooperative game. Explain the concept of Nash equilibrium.

11

Or

- (b) Explain the threats, commitments and credibility.

( 7 )

7. (a) What is Coase theorem? How can it help to solve the problem of negative externalities?

4+7=11

Or

- (b) What is meant by externalities? Explain the external costs and external benefits with appropriate examples. How does the existence of externalities affect efficient allocation of resources?

3+4+4=11

\*\*\*