

3 SEM TDC ECO M 1

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(November)

ECONOMICS

(Major)

Course : 301

(Microeconomics—II)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Choose the correct one/Answer the following : 1×8=8

(a) In perfect competition, perfect knowledge about the market implies

- (i) consumers know prices
- (ii) producers know costs
- (iii) workers know wage rate
- (iv) All of the above

(Turn Over)

- (b) The shut-down price is equal to
- average cost
 - marginal cost
 - average variable cost
 - marginal revenue
- (c) Which of the following forms of market has only one buyer?
- Monopoly
 - Discriminating Monopoly
 - Monopsony
 - Duopoly
- (d) Who among the following has introduced the concept of Quasi-rent?
- Hawley
 - Marshall
 - Ricardo
 - Keynes
- (e) Mention one situation when price discrimination is socially desirable.
- (f) What factors give monopoly power to a firm in monopolistic competition?
- (g) Who developed Innovation Theory of Profit?
- (h) Mention the condition of general-equilibrium in production.

2. Write short notes on any four of the following (within 150 words each) : $4 \times 4 = 16$

- Sources of monopoly power
- Scarcity vs. differential rent
- Adding-up controversy
- Collective bargaining
- Breakeven point
- Bilateral monopoly

3. (a) Discuss the equilibrium of a firm under perfect competition both in the short run and long run with the help of a suitable diagram. 11

Or

- (b) Short-run supply curve for competitive industry satisfies the law of supply. Why? Also show how long-run supply curve is derived under increasing cost industries. $5+6=11$

4. (a) What are the necessary conditions of price discrimination? Show how a profit maximizing discriminating monopolist allocates his output between two markets and charges different prices. $4+8=12$

Or

- (b) Distinguish between a monopoly and a monopsony market. Explain long-run equilibrium of a monopoly firm. $4+8=12$

(Turn Over)

5. (a) Explain, with the help of diagram, price and output determination in a monopolistic competitive market. 11

Or

- (b) Define oligopoly. What are its characteristics? Briefly explain different types of oligopoly. 2+4+5=11

6. (a) Distinguish between MRP_L and VMP_L . How is wage rate determined under the condition of monopolist in the product market and perfect competition in the labour market? 2+9=11

Or

- (b) Explain critically Keynes Theory of Interest. 11

7. (a) What is general equilibrium? Explain general equilibrium of an exchange economy. 3+8=11

Or

- (b) What is meant by interrelations and interdependence of market? Illustrate how a change in one market affects the equilibrium of another related market. 5+6=11

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