

Total No. of Printed Pages—6

**3 SEM TDC ECO M 1**

**2 0 1 3**

( 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 and write the correct one of the following : 1×8=8

(a) If the firms under perfect competition have different costs, normal profit will be earned by

- (i) the marginal firm
- (ii) the intramarginal firm
- (iii) all the firms
- (iv) None of the above



- (b) In perfectly competitive market
- (i) firm is the price giver and industry is the price taker
  - (ii) firm is the price taker and industry is the price giver
  - (iii) Both are price takers
  - (iv) None of the above
- (c) Price discrimination is possible if two markets have
- (i) rising cost curves
  - (ii) declining cost curves
  - (iii) different elasticity of demand
  - (iv) equal elasticity of demand
- (d) Which of the following is a characteristic of monopolistic competition?
- (i) Large number of firms and homogeneous product
  - (ii) Single firm and differentiated product
  - (iii) Large number of firms and differentiated product
  - (iv) Only a few firms and similar product

- (e) The slope of the MR curve in monopoly market is — that of the AR curve.
- (i) twice
  - (ii) half
  - (iii) one-third
  - (iv) thrice
- (f) Monopolistic competition and oligopoly are alike in terms of
- (i) nonprice competition
  - (ii) strong mutual interdependence among firms
  - (iii) kinked demand analysis
  - (iv) the number of firms
- (g) Economic rent is earned by a factor when its
- (i) supply is perfectly elastic
  - (ii) supply is inelastic
  - (iii) supply is more than its demand
  - (iv) None of the above
- (h) Externality refers to
- (i) external economies
  - (ii) external diseconomies
  - (iii) Both (i) and (ii)
  - (iv) Neither (i) nor (ii)



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

- (a) Normal profit
- (b) Monopsony
- (c) Selling cost
- (d) Price leadership
- (e) The efficiency of competitive market
- (f) Quasi-rent

3. (a) Show graphically how long-run supply curves of an industry are derived in perfect competition under different cost conditions.  $11$

Or

- (b) What is meant by equilibrium of a firm? Analyze the essential difference in the nature of equilibrium of a firm under perfect competition in the short run and in the long run with diagrams.  $2+9=11$

4. (a) Compare the equilibrium price and output of a monopolist and a perfectly competitive firm.  $11$

Or

- (b) Why should Government control monopoly price? Under what condition is monopoly economically desirable? Explain the criteria for price control.  $2+2+7=11$

5. (a) Illustrate how a firm in monopolistic competition reaches its equilibrium in the short run. Does a firm in equilibrium in monopolistic competition always make supernormal profit?  $9+2=11$

Or

- (b) Mention the properties of monopolistic competition. Can monopolistic competition ensure economic efficiency? Justify your answer.  $3+8=11$

6. (a) Explain the process of wage rate determination under perfectly competitive and imperfectly competitive factor markets.  $6+6=12$

Or

- (b) Explain Ricardo's theory of rent. Explain the modifications made by the modern theory over the Ricardo's theory of rent.  $6+6=12$



7. (a) What is general equilibrium? Illustrate the interrelationship and interdependence of markets.  $3+8=11$

Or

- (b) Analyze the concepts of efficiency in exchange and efficiency in production. What is market failure? State the factors that cause market failure.  $6+2+3=11$

★ ★ ★