

Total No. of Printed Pages—7

3 SEM TDC ECO M 1

2 0 1 7

(November)

ECONOMICS

(Major)

Course : 301

(Microeconomics—II)

Full Marks : 80
Pass Marks : 32/24

Time : 3 hours

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

1. Choose the most appropriate answer/Answer
the following : 1×8=8

(a) When a firm is in short-run equilibrium,
then

(i) $MC = MR$

(ii) slope of MC curve is greater than
slope of MR curve

(2)

- (iii) Both (i) and (ii) would hold
- (iv) Neither (i) nor (ii) would hold
- (b) Equilibrium of the firm is incompatible with increasing returns to scale if the market is
- (i) monopolistic
- (ii) oligopolistic
- (iii) imperfectly competitive
- (iv) perfectly competitive
- (c) When the perfectly competitive firm and industry are both in long-run equilibrium, then
- (i) $P = MR = SMC = LMC$
- (ii) $P = MR = SAC = LAC$
- (iii) $P = MR =$ lowest point in the LAC curve
- (iv) All of the above

8P/251

(Continued)

(3)

- (d) Which form of monopoly regulation is most advantageous for the consumer?
- (i) Price control
- (ii) Lump-sum tax
- (iii) Per unit tax
- (iv) All of the above three forms are equally advantageous
- (e) At the shut-down point
- (i) $P = AVC$
- (ii) $TR = TVC$
- (iii) total losses of the firm = TFC
- (iv) All of the above
- (f) A factor's transfer price is
- (i) what it gets in its present use
- (ii) what it can get in a better use
- (iii) what it expects to get in the next best use
- (iv) None of the above

8P/251

(Turn Over)

(g) Quasi-rent is

(i) price - AVC

(ii) price - (AVC + AFC)

(iii) price - AFC

(iv) price - MC

(h) Write one difference between partial equilibrium and general equilibrium.

2. Write short notes on any *four* of the following (within 150 words each) : 4x4=16

(a) Break-even point

(b) Bilateral monopoly

(c) Product differentiation

(d) Scarcity vs differential rent

(e) Sources of market failure

(Continued)

Answer the following questions (within 500 words each) :

3. (a) What are the objectives of the firm? Discuss with suitable diagram the conditions for short-run equilibrium of a perfectly competitive firm. 4+8=12

Or

(b) Under perfect competition, price equals minimum average cost in the long run, so there is no profit. Give your answer with the help of a diagram. 12

4. (a) How is monopoly price determined? Does the monopolist always charge a single price for his product? Explain. 7+4=11

Or

(b) Write explanatory notes on the following : 6+5=11

(i) Price regulation and Natural monopoly

(ii) Monopoly vs Monopsony

(Turn Over)

(6)

5. (a) Analyze the long-run equilibrium of a firm under monopolistic competition. Show that long-run equilibrium, in this market structure, involves production with excess capacity. $8+3=11$

Or

- (b) What are the different types of oligopoly? Explain the reasons behind high non-price competition in oligopoly market. $6+5=11$

6. (a) Explain the Ricardian theory of rent. "Each factor of production contains a rent element." How far is this statement true? $8+3=11$

Or

- (b) Discuss Keynesian liquidity preference theory of the rate of interest. Can the rate of interest become zero? $8+3=11$

8P/251

(Continued)

(7)

7. (a) Define general equilibrium. How do the competitive markets attain efficiency in exchange? Elaborate. $3+8=11$

Or

- (b) Discuss with a diagram, how the competitive markets attain efficiency in production. 11

8P-7000/251

3 SEM TDC ECO M 1