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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)* What is long run? Examine the equilibrium of a firm under perfect competition in the long run.   2+7=9

Or

(b) Explain the methods for measuring monopoly power.   9

2. *(a)* What is group equilibrium? Explain Chamberlin's approach to group equilibrium.   2+7=9

Or

(b) What is supernormal profit? Explain how an individual firm attains equilibrium under monopolistic competition.   2+7=9

3. *(a)* What is stable equilibrium? Does Cournot's duopoly model provide stable equilibrium? Explain.   2+7=9

Or

(b) Explain price rigidity with the help of kinked demand curve.   9

4. *(a)* Critically examine the modern theory of wages.   9

Or

(b) Explain the modern theory of rent.   9

5. *(a)* "Profit is the reward for uncertainty bearing." Discuss.   9

Or

(b) What is profit? Explain the innovation theory of profit.   2+7=9

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(2nd Semester)

ECONOMICS

Paper : ECO–201

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(New Course)

(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions

SECTION—I

(*Marks* : 15)

1. Choose and write the correct answer from the options provided :   1×10=10

   (a) Perfectly competitive industry is in the long-run equilibrium when

      (i)   industry earns normal profits

     (ii)   industry incurs losses

    (iii)   industry earns supernormal profits

     (iv)   no firm makes any loss

(b) Market price of a commodity is determined by

    (i)   cost of production

    (ii) size of the market

    (iii) demand

    (iv) supply

(c) The shape of the AR and MR curves under monopoly will be

    (i)   sloping upward to the left

    (ii) sloping downward to the right

    (iii) a vertical straight line

    (iv) a horizontal straight line

(d) Product differentiation exists in

    (i)   oligopoly

    (ii) monopolistic competition

    (iii) monopoly

    (iv) duopoly

(e) Demand curve under oligopoly is

  (i) upward rising

  (ii) downward sloping

  (iii) kinky

  (iv) horizontal

(f) Duopoly was first given by

  (i) Augustin Cournot

  (ii) P. M. Sweezy

  (iii) D. N. Hyman

  (iv) Chamberlin

(g) The supply of land is

  (i) inelastic

  (ii) elastic

  (iii) perfectly elastic

  (iv) perfectly inelastic

(h) When the prices of other goods increase, real wage

    (i) remains constant

    (ii) increases

    (iii) falls

    (iv) None of the above

(i) Profit is also known as

    (i) net income

    (ii) gross income

    (iii) contractual income

    (iv) residual income

(j) The uncertainty bearing theory of profit is associated with

    (i) Hawley

    (ii) Clark

    (iii) Schumpeter

    (iv) Knight

2. State whether the following statements are True or False :   1×5=5

   (a) Market price fluctuates frequently.

   (b) Monopolistic competition is a blend of competition and monopoly.

   (c) The oligopolistic firms produce purely homogeneous products.

   (d) Quasi-rent occurs in the short run.

   (e) According to Hawley, profit is the reward for innovation.

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SECTION—II

(*Marks* : 10)

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

   (a) Market price and normal price

   (b) Features of monopoly

   (c) Product differentiation

   (d) Excess capacity of firms

   (e) Wage differentials

   (f) Gross interest and net interest

   (g) Risk theory of profit

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