

Ba/EC4.CC7

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(FYUGP)

(4th Semester)

ECONOMICS

(MAJOR)

Paper : EC4.CC7



(Intermediate Microeconomics—II)

Full Marks : 75

Pass Marks : 40%

Time : 3 hours

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

Answer **one** question from each Unit.

UNIT—I

1. Explain the concept of wage differential.
Discuss the main factors responsible for
wage differential among workers in an
economy. 5+10=15

2. Define scarcity rent, differential rent and
quasi rent. Clearly distinguish among them
and explain their importance in economic
analysis. 9+6=15

(2)

UNIT—II

3. Explain Schumpeter's innovation theory of profit. How does innovation lead to the emergence of profit in a dynamic economy? 15
4. Discuss Knight's uncertainty theory of profit. Distinguish between risk and uncertainty in this context. 15

UNIT—III

5. Define social welfare function. Diagrammatically examine the problem of welfare maximization. $3+12=15$
6. Discuss the paternalist and cardinalist criterion of social welfare. $7\frac{1}{2}+7\frac{1}{2}=15$

UNIT—IV

7. What is price discrimination? Discuss in detail the different types of price discrimination. $3+12=15$
8. Critically explain Cournot's duopoly model. 15

(3)

UNIT—V

9. Give an account on the Coase theorem. Discuss its role in solving the problem of externalities. 15
10. Define asymmetric information. Explain with examples, how asymmetric information leads to market failure. 3+12=15

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