2026

(FYUGP)

(4th Semester)

ECONOMICS

(MINOR)

Paper : EC4.M4

(Intermediate Microeconomics—II)

Full Marks : 75
Pass Marks : 40%

Time : 3 hours

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

(PART : A—OBJECTIVE)

(*Marks* : 25)

1. Choose the correct answer : 1×15=15

(a) The modern theory of wages emphasizes

(i) only demand for labour

(ii) only supply for labour

(iii) both demand and supply for labour

(iv) government regulation

(b) Differential rent is associated with

(i) uniform land

(ii) differences in fertility

(iii) capital investment

(iv) labour efficiency

(c) According to Ricardo, rent increases mainly because of

(i) increase in population and cultivation of inferior land

(ii) increase in wages

(iii) government taxation

(iv) use of better technology

(d) Profit as rent theory considers profit as

(i) normal income

(ii) transfer earning

(iii) surplus income

(iv) wage income

(e) According to Schumpeter, profits arise due to

(i) risk-bearing

(ii) innovation

(iii) monopoly

(iv) rent

(f) If profit arises due to changes in population, technology and tastes, the theory involved is

(i) static theory

(ii) dynamic theory

(iii) rent theory

(iv) wage fund theory

(g) Welfare economics studies the relationship between

(i) income and employment

(ii) price and output

(iii) cost and revenue

(iv) efficiency and welfare

(h) Cardinalist approach measures welfare in terms of

(i) ordinal utility

(ii) money

(iii) cardinal utility

(iv) social choice

(i) Welfare economics is considered normative because it involves

(i) statistical analysis

(ii) value judgements

(iii) mathematical models

(iv) market prices

(j) Sweezy's model is known as

(i) price leadership model

(ii) kinked demand curve

(iii) collusion model

(iv) profit-maximizing model

(k) In monopolistic competition, firms earn normal profit in

(i) long-run

(ii) short-run

(iii) Both (i) and (ii)

(iv) Never

(l) Interdependence among firms is a key feature of

(i) monopoly

(ii) perfect competition

(iii) oligopoly

(iv) monopolistic competition

(m) Externalities are

(i) market prices

(ii) external benefits and costs

(iii) government taxes

(iv) private costs

(n) Government intervention is required in public goods due to

(i) high cost

(ii) inflation

(iii) free-rider problem

(iv) monopoly power

(o) Coase theorem works best when

(i) transaction costs are high

(ii) government intervenes

(iii) markets are imperfect

(iv) property rights are clearly defined

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

(a) Wage

(b) Economic rent

(c) Profit as rent

(d) Name any two dynamic changes that gives rise to profits.

(e) Monopoly

(f) Market failure

(g) Bentham's criterion

(h) Free-rider problem

(PART : B—DESCRIPTIVE)

(*Marks* : 50)

Answer **five** questions, taking **one** from each Unit.

UNIT—I

1. Discuss the marginal productivity theory of wages. State its assumptions and limitations. 10

2. Explain the concept of quasi-rent. 10

UNIT—II

3. Give an account on the innovation theory of profit. 10

4. Critically examine the risk theory of profit. Bring out its merits and limitations. 10

UNIT—III

5. What is meant by welfare economics? Explain the nature and scope of welfare economics. 2+8=10

6. Discuss Pareto's criterion of social welfare. 10

UNIT—IV

7. What is price discrimination? Explain the different degrees of price discrimination.

2+8=10

8. Elucidate Cournot's model of duopoly. 10

UNIT—V

9. What are public goods? State its characteristics. Examine the role of government in the provision of public goods.

2+3+5=10

10. Explain briefly the following concepts : 5+5=10

(a) Moral hazard

(b) Adverse selection

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