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(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

(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

- (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

(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) :

4×4=16

(a) Break-even point

(b) Bilateral monopoly

(c) Product differentiation

(d) Scarcity *vs* differential rent

(e) Sources of market failure

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

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

(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
