

2017/SEM/EVEN/ECOH-201/202

TDC Even Semester Exam., 2017

ECONOMICS

(Honours)

(2nd Semester)

Paper No. : ECOH-201

(Microeconomics—II)



Full Marks : 50

Pass Marks : 17

Time : 2 hours

The figures in the margin indicate full marks
for the questions

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

UNIT—I

1. (a) What are the characteristics of a perfect competition? 4
- (b) Analyze the equilibrium of a firm under the conditions of perfect competition in the short run. 6
2. (a) What is monopoly? Explain the equilibrium of a monopoly firm in the short run by using short run AC, MC, AR and MR curves. 2+4=6
- (b) What do you mean by discriminating monopoly? 4

(Turn Over)

UNIT—II

3. (a) Monopolistic competition is the middle ground between perfect competition and monopoly. Explain the statement.

(b) Group equilibrium shows that firms incurring selling costs make only normal profit in the long run implying that selling cost is a waste. Do you agree with the statement? Explain.

4. (a) Suppose a demand function is given as $Q = 100 - 2P$. Using Cournot's model, find the equilibrium output and price. Is equilibrium of the firm stable in Cournot's model?

4+2=6

(b) What do you understand by collusive oligopoly?

UNIT—III

5. (a) Why do we need to study a separate theory to understand the pricing of the factors of production?

(b) Write notes on the following :

(i) Economic rent

(ii) Differential rent

(iii) Quasi-rent

2×3=6

6. (a) Explain the marginal productivity theory of wages. State four limitations of the theory. 3+2=5
- (b) Examine the Ricardian theory of rent. State the modifications made by the modern theory to understand the concept of rent. 3+2=5

UNIT—IV

7. (a) How is capital as a factor of production different from land and labour? Discuss the classical theory of interest rate determination. 2+5=7
- (b) What is adding-up problem? 3
8. "Profits are a reward for risk-bearing, innovation or a result of monopoly power." Explain the statement. 10

UNIT—V

9. (a) What welfare economics is about? Is it positive or normative in character? 3+3=6
- (b) What are the Paretian optimality conditions? 4
10. Distinguish between the following : 5×2=10
- (a) Positive and negative externalities
- (b) Individual welfare and social welfare

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