

**2 0 1 9**

( 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. Answer/Choose the most appropriate option of the following : 1×8=8
- (a) What is the sufficient condition of equilibrium of a firm?
- (b) In the short run, some firms will exit the market if the price of the goods offered for sale is less than
- (i) AFC                      (ii) MC
- (iii) ATC                    (iv) AVC
- (c) The concept of group equilibrium is applicable to
- (i) monopolistic competition
- (ii) perfect competition

- (iii) monopoly market
  - (iv) None of the above
- (d) When the firms under oligopoly reach an understanding in price and output determination, it is known as
- (i) pure oligopoly
  - (ii) collusive oligopoly
  - (iii) non-collusive oligopoly
  - (iv) All of the above
- (e) Monopolistic competition and oligopoly are alike in terms of
- (i) non-price competition
  - (ii) strong mutual interdependence among firms
  - (iii) Both (i) and (ii)
  - (iv) Neither (i) nor (ii)
- (f) Factor which can earn negative return is
- (i) land
  - (ii) labour
  - (iii) capital
  - (iv) entrepreneur
- (g) What is quasi-rent?
- (h) Interdependence among market constituent parts is studied under
- (i) cobweb model
  - (ii) partial equilibrium
  - (iii) static equilibrium
  - (iv) general equilibrium

2. Write short notes on any *four* of the following  
(**within 150 words** each) : 4×4=16
- (a) Objectives of the firm
  - (b) Bilateral monopoly
  - (c) Homogeneous product and differentiated product
  - (d) Schumpeter's innovation theory of profit
  - (e) Interdependence of markets

Answer the following questions (**within 500 words** each) :

3. (a) Explain with the help of suitable diagrams, the long-run equilibrium of the firm and the industry under perfect competition. 6+6=12

Or

- (b) Write the meaning of optimal resource allocation. "A perfectly competitive market can only attain optimal allocation of resources." Justify. 4+8=12

4. (a) What are the sources of monopoly power? Describe how a monopolist determines price and output in the short run. 5+6=11

Or

- (b) Write the meaning of natural monopoly and price regulation. Explain with a diagram the process of price regulation. 6+5=11

5. (a) Illustrate how a firm in monopolistic competition reaches its equilibrium in the short run. Does a firm in equilibrium in monopolistic competition always make supernormal profit? Justify. 7+4=11
- Or
- (b) (i) Can monopolistic competition ensure economic efficiency? Justify your answer. 6
- (ii) Explain with examples the homogeneous and differentiated oligopoly markets. 5
6. (a) Distinguish between rent and quasi-rent. Explain the Ricardian theory of rent. 3+8=11
- Or
- (b) Define interest. Explain critically Keynes theory of interest. 11
7. (a) Write the meaning of general equilibrium. Explain the general equilibrium of an exchange economy. 3+8=11
- Or
- (b) Write explanatory notes on the following : 5+6=11
- (i) Sources of market failure
- (ii) Efficiency in production in competitive markets

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