

**2021/TDC(CBCS)/EVEN/SEM/
ECOGEN-601T/177**

**TDC (CBCS) Even Semester Exam.,
September 2021**

ECONOMICS

(6th Semester)

Course No. : ECOGEN-601T

(Principles of Microeconomics—II)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

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

SECTION—A

Answer any *twenty* of the following as directed :

1×20=20

1. What is the meaning of 'mono' in the word 'monopoly'?
2. Define pure monopoly.
3. Is monopolist a price taker?

4. What is the value of cross elasticity of demand for monopoly product? 1
5. Why is there a single seller in monopoly market? 1
6. Under what circumstances it is profitable for a monopoly firm to practice price discrimination? 1
7. For a monopolist, MR is _____ the price.
(Fill in the blank) 1
8. "If a monopolist practices price discrimination, he does not set MR equal to MC."
(Write True or False) 1
9. Which market structure is most imperfect? 2
10. What is 'imperfect competition' form of market structure? 2
11. Mention the feature of monopolistic competition which is competitive in nature. 22
12. To which market form 'product differentiation' is relevant? 22
13. What is selling cost? 23

14. Why is firm's demand curve indeterminate under oligopoly?
15. "The demand curve faced by the monopolistic firm is horizontal."
(Write True or False)
16. What is 'price rigidity' in case of oligopoly market?
17. Define market failure.
18. Define externality.
19. Give an example of negative externality.
20. Give an example of production externality.
21. The social cost of an activity is equal to private cost plus the cost of negative externality.
(Write True or False)
22. In case of pure public good, consumption does not _____ the good.
(Fill in the blank)
23. State one cause of economic inefficiency.

24. What is marginal cost pricing?
25. What is input market?
26. Define marginal physical product (MPP).
27. Demand for inputs is a direct/derived demand.
(Select the correct one)
28. What is meant by quasi-rent?
29. Write one condition for equilibrium level of employment of input.
30. Mention one factor upon which the supply of labour in an economy depends.
31. What is differential rent?
32. The price elasticity of demand for an input is generally greater in the _____ run than in the _____ run.
(Fill in the blanks)
33. Name the book written by A. C. Pigou on welfare economics.
34. How Pigou defined economic welfare?

35. What is social marginal benefit?
36. Why social welfare cannot be measured objectively?
37. "Welfare economics is positive economics."
(Write True or False)
38. Who founded 'new welfare economics' free from value judgement and interpersonal comparison of utility?
39. What is the Paretian concept of social welfare?
40. What is Pareto optimality criterion of social welfare?

SECTION—B

Answer any *five* of the following questions : $2 \times 5 = 10$

41. Write two merits of monopoly.
42. Mention two man-made restrictions on the entry of new firms into monopoly market.
43. State two distinctions between monopoly and monopolistic competition.

44. What is meant by 'group equilibrium' under monopolistic competition?
45. Distinguish between consumption and production externality.
46. What does it mean to internalise externalities?
47. Differentiate functional distribution from personal distribution of income.
48. What is economic rent? When does it arise?
49. What are the two conditions for maximization of welfare according to Pigou?
50. Distinguish between private cost and public cost.

SECTION—C

Answer any *five* of the following questions : $8 \times 5 = 40$

51. How are price and output under monopoly determined? Illustrate diagrammatically. 8
52. What is price discrimination? When is price discrimination profitable? Explain. $2+6=8$
53. Explain short-run equilibrium with losses under monopolistic competition. 8

54. Define oligopoly with example. Discuss its characteristics. 3+5=8
55. Write about market failure. State four causes of market failure. Write two effects of market failure. 2+4+2=8
56. What is the importance of public goods? Write three characteristics of public goods. Why do public goods must be provided by the government? 3+3+2=8
57. Explain the derivation of the demand curve for a factor of production under the conditions of perfect competition. 8
58. With the help of a diagram, show that in the long run, under perfect competition price of the factor is equal to both marginal revenue product and average revenue product. 8
59. Explain Pareto criterion of social welfare with the help of Samuelson's utility possibility curve. 8
60. (a) What are the important assumptions on which the various marginal conditions for the achievement of Pareto optimum is based? 4
- (b) Write a note on second-order condition of Pareto optimality. 4

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