

## SECOND SEMESTER B.A. DEGREE EXAMINATION, APRIL 2023

(Supplementary- 2018 Admission)

ECONOMICS

AECO2B02T: MICRO ECONOMICS II

Time: 3 Hours

Maximum Marks: 80

**PART A: Answer all the questions. Each carries ½ Marks.**

1. Demand curve is perfectly elastic under:
  - a) Perfect competition
  - b) Monopoly
  - c) Monopolistic competition
  - d) All the above
2. Which of the following industries most closely approximates the perfectly competitive model?
  - a) Automobile
  - b) Cigarette
  - c) Newspaper
  - d) Wheat farming
3. Entry is restricted under:
  - a) Perfect competition
  - b) Monopoly
  - c) Monopolistic competition
  - d) All of the above
4. Under perfect competition, MR curve is:
  - a) Horizontal
  - b) Vertical
  - c) Falling
  - d) Rising
5. Differentiated but close substitutes exist under:
  - a) Perfect competition
  - b) Monopoly
  - c) Monopolistic competition
  - d) All of the above
6. Under monopoly the slope of AR curve is:
  - a) Upward sloping
  - b) downward sloping
  - c) horizontal
  - d) None of these
7. In a monopsony market there is:
  - a) Single seller
  - b) single buyer
  - c) Two sellers
  - d) two buyers
8. Price discrimination is possible:
  - a) Under any market form
  - b) only under monopoly
  - c) only under monopolistic completion
  - d) only in perfect competition
9. At the point of equilibrium of a monopolist MC cuts MR curve
  - a) from below
  - b) from above
  - c) at point of equality of AC and AR
  - d) None
10. In the long run, a monopolistically competitive firm earn
  - a) Abnormal profit
  - b) Loss
  - c) Normal profit
  - d) Differentiated profit
11. The concept of kinked demand curve is related to
  - a) Paul M sweezy
  - b) Joan robinson
  - c) E H Chamberline
  - d) E L Edgeworth
12. Excess capacity is a feature of equilibrium under .....
  - a) Perfect competition
  - b) Monopoly
  - c) Monopolistic competition
  - d) Oligopoly

(12 x ½ = 6 Marks)

(PTO)

**PART B: Answer any ten questions. Each carries 2 Marks**

13. We cannot define industry in monopolistic competition. Why?
14. What is pure monopoly?
15. Distinguish between firm and industry.
16. Define economic rent.
17. What is shut down point?
18. What do you mean by tying?
19. What is Black market?
20. Comment on derived demand.
21. What is meant by non-collusive oligopoly?
22. Write any four features of perfect competition.
23. What is monopsony?
24. What do you mean Lerner's index?

**(10 x 2 = 20 Marks)**

**PART C: Answer any six questions. Each carries 5 Marks.**

25. Why does excess capacity arise in monopolistic competition? What is its significance?
26. Explain the conditions of profit maximization.
27. Discuss the impact of tax and subsidy on the price and quantity of a commodity.
28. What are the degrees of price discrimination? Is it beneficial to the society?
29. Write a note on Cournot model
30. Explain the market demand curve of an input.
31. Explain briefly the short run equilibrium of a firm under perfect competition.
32. What is the difference between economic profit and producer surplus?

**(6 x 5 = 30 Marks)**

**PART D: Answer any two questions. Each carries 12 Marks.**

33. Critically explain the marginal productivity theory of distribution.
34. Briefly discuss the collusive models of oligopoly.
35. Explain the price and output determination under monopoly market structure.
36. Discuss Chamberlin's group equilibrium.

**(2 x 12 = 24 Marks)**