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803B

(Pages : 4)

Name.....

Reg. No.....

SECOND SEMESTER B.A. DEGREE EXAMINATION, MAY 2016

(CUCBCSS—UG)

Core Course—Economics

ECO 2B 02—MICROECONOMICS—II

Time : Three Hours

Maximum : 80 Marks

Answers may be written either in English or in Malayalam.

Part A

Answer all twelve questions.

1. The opportunity cost of the inputs that do not require a monetary payment is :
 - (a) Accounting cost.
 - (b) Implicit cost.
 - (c) Explicit cost.
 - (d) Economic cost.
2. The positively sloped portion of the marginal cost curve is the result of :
 - (a) Increasing returns.
 - (b) Constant Returns.
 - (c) Diminishing Returns.
 - (d) Constant Variable cost.
3. Economic profit is the difference between total revenue and _____.
 - (a) Explicit Cost.
 - (b) Implicit cost.
 - (c) Accounting cost.
 - (d) Economic cost.
4. The price that is equal to the minimum average variable cost of the firm is called :
 - (a) Break – Even price.
 - (b) Equilibrium Price.
 - (c) Shut Down Price.
 - (d) No Loss-No Profit Price.
5. The allocative efficiency under perfect competition is attained when :
 - (a) Producer's surplus is maximum.
 - (b) Consumers' Surplus is Maximum.
 - (c) Producers' Surplus exceeds Consumers'.
 - (d) Sum of Consumers' and Producers' Surplus is maximum.

Turn over

6. Under which of the following conditions a perfect competitive firm will be in equilibrium ?
- (a) $SRMC = P$.
 - (b) $SRATC = P$.
 - (c) When it produces at the minimum point on its LRAC.
 - (d) All the above.
7. A firm is said to be a price searcher if its demand curve is a :
- (a) Horizontal.
 - (b) Vertical.
 - (c) Upward sloping.
 - (d) Downward sloping from left to right.
8. Which among the following markets enjoys maximum barriers to entry ?
- (a) Perfect Competition.
 - (b) Monopolistic competition.
 - (c) Monopoly.
 - (d) Oligopoly.
9. Product differentiation is the feature of which of the following markets ?
- (a) Monopoly.
 - (b) Monopolistic competition.
 - (c) Duopoly.
 - (d) Monopsony.
10. Which of the following is a derived demand ?
- (a) Demand for I-Phone.
 - (b) Demand for an Apple.
 - (c) Demand for Steve Job's Biography.
 - (d) Demand for labour by Apple company.
11. A market within which there are only few buyers is :
- (a) Monopsony.
 - (b) Ologopsony.
 - (c) Oligopoly.
 - (d) Monopoly.
12. The practice of charging each customer his or her reservation price is called price discrimination of:
- (a) First degree.
 - (b) Third Degree.
 - (c) Second Degree.
 - (d) Intertemporal.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

Answer any ten questions.

13. What is meant by peak load pricing ?
14. What do you mean by Monospony ?
15. Why do the long run average cost curve is L-shaped ?
16. What is producers' surplus ?
17. What is meant by degree of monopoly power ?
18. Distinguish between traditional and modern SAVC curves.
19. What is sunk cost ?
20. Write a note on Kinked Demand Curve ?
21. What is derived demand ?
22. What is mark-up pricing ?
23. What is meant by cartels ?
24. What do you mean by Economic rent of an input ?

(10 × 2 = 20 marks)

Part C (Short Essay Questions)

Answer any six questions.

25. Explain the economies and dis-economies of scale.
26. Briefly explain the marginal productivity theory of wage determination.
27. Explain the degrees of price discrimination by monopoly.
28. Explain the characteristics of Oligopoly market.
29. Explain the conditions of equilibrium in a perfect competitive factor market.
30. Discuss the measures to prevent the rising of monopoly power in a market.
31. Explain the price leadership model of Oligopoly.
32. Explain the effects of Advertising in the monopolistic competition.

(6 × 5 = 30 marks)

Turn over

Part D (Essay Questions)

Answer any two questions.

33. Explain the long run equilibrium of firm and industry under perfect competition.
34. Explain about short run and long run cost curves.
35. Explain the Price and Output determination in a collusive oligopoly.
36. Explain factor price determination under perfect competitive market.

(2 × 12 = 24 marks)