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Name..............................

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SECOND SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION, APRIL 2020

Economics

ECO 2B 02—MICRO ECONOMICS—II

Time : Three Hours

Maximum : 80 Marks

*Answers may be written **either** in English **or** in Malayalam.*

Part A

*Answer **all** questions.*

Each question carries ½ mark.

1. The cost incurred to alter the position or the shape of the demand curve for a product is called :

   a) Real cost.

   b) Production cost.

   c) Selling cost.

   d) Implicit cost.

2. A point of 'kink' in the kinked demand curve indicate :

   a) Price rigidity.

   b) Quantity rigidity.

   c) Price flexibility.

   d) Both price and quantity rigidity.

3. Under Perfect Competition, the average revenue curve will be :

   a) Perfectly elastic.

   b) Perfectly inelastic.

   c) Less elastic.

   d) More elastic.

4. Excess capacity is not found in which of the following market structure :

   a) Monopoly.

   b) Monopolistic Competition.

   c) Oligopoly.

   d) Perfect Competition.

5. Identify the main characteristic of Oligopoly :

   a) Sufficiently large sellers.

   b) One seller.

   c) Few sellers.

   d) Too large sellers.

6. Which of the following cost curve is not U shaped ?

   a) AFC.

   b) LAC.

   c) SAC.

   d) AVC.

Turn over

7. The demand curve facing the pure Monopolist is :

    a) Horizontal.   b) Negatively sloped.

    c) Positively sloped.   d) Vertical.

8. The Lerner's Index of monopoly power has a value ;

    a) Zero.   b) One.

    c) Between zero and unity.   d) Two.

9. Marginal Productivity theory is based on the assumption of :

    a) Perfect competition.   b) Pure competition.

    c) Monopoly.   d) Oligopoly.

10. Under Monopolistic Competition, products of the firm are :

    a) Heterogeneous.   b) Homogeneous.

    c) Differentiated.   d) Luxuries.

11. Economic rent is earned by a factor when its :

    a) Supply is elastic.   b) Supply is inelastic.

    c) Supply is more than demand.   d) Demand is more than supply.

12. OPEC is an example of :

    a) Cartel.   b) Price leader.

    c) Bilateral monopoly.   d) Monopsony.

(12 × ½ = 6 marks)

Part B (Very Short Answer Questions)

*Answer any **ten** questions.*
Each question carries 2 marks.

13. Define duopoly.

14. What do you mean by price discrimination ?

15. What is meant by barometric price leadership ?

16. Define market.

17. Write a note on Monopsony.

18. Explain kinked demand curve.

19. What is meant by envelope curve ?

20. Define social cost.

21. Define derived demand.

22. Explain selling cost

23. Explain the nature of demand curve in a perfect competitive market.

24. What do you mean by peakload pricing ?

(10 × 2 = 20 marks)

Part C (Short Essay Questions)

Answer any **six** *questions.*
Each question carries 5 marks.

25. Write a note on product differentiation

26. What are the important features of Monopoly market structure ?

27. Explain about demand of a firm for a single variable factor in perfectly competitive market.

28. Why the long run average cost is U shaped ?

29. Explain the Cournot duopoly model.

30. How the factor price is determined under monopsony market situation ?

31. Analyse the conditions of long run equilibrium of industry under perfect competition.

32. What are the characteristic features of Oligopoly market structure ?

(6 × 5 = 30 marks)

Part D (Essay Questions)

Answer any **two** *questions.*
Each question carries 12 marks.

33. Explain the price and output determination under Monopoly market structure.

34. Critically examine the modern theory of Cost. Explain the superiority of modern theory over traditional theory of costs ?

35. Explain Sweezy's kinked demand curve model of Oligopoly.

36. Critically explain the Marginal Productivity Theory of Distribution.

(2 × 12 = 24 marks)