D 43268 **(Pages : 4)** **Name..**

Reg. No.....................................

SECOND SEMESTER B.A. DEGREE EXAMINATION, MAY 2018

(CUCBCSS—UG)

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. In a perfectly competitive market the demand curve for labour :
   (a) Slopes upward.
   (b) Slopes downward because of diminishing marginal productivity.
   (c) Is perfectly elastic at the equilibrium wage rate.
   (d) None of these.
2. While analysing the marginal productivity theory of distribution, Clark gave more emphasis on :
   (a) Demand for labour.
   (b) Supply of labour.
   (c) Both demand as well as supply of labour.
   (d) Profit maximisation.
3. Quasi rent was the concept of :
   (a) Adam Smith. (b) Ricardo.
   (c) Pigou. (d) Marshall.
4. Under monopolistic competition goods produced are :
   (a) Heterogeneous. (b) Homogeneous.
   (c) Differentiated. (d) Luxuries.
5. Identify the main characteristic of Oligopoly :
   (a) Sufficiently large sellers. (b) One seller.
   (c) Few sellers. (d) Too large sellers.

Turn over

6. A market in which there are only two buyers for a commodity is called :

   (a) Duopoly. (b) Duopsony.

   (c) Oligopoly. (d) Oligopsony.

7. In which market situation does a monopolist charge uniform price from all consumers :

   (a) Pure monopoly. (b) Discriminatory monopoly.

   (c) Duopoly. (d) Monopsony.

8. If the individual demand curve is horizontal to X-axis, then :

   (a) The firm is a price maker.

   (b) The firm is a price taker.

   (c) Marginal revenue is equal to average cost.

   (d) The distinction between firm and industry disappears.

9. OPEC is an example of :

   (a) Cartel. (b) Price leader.

   (c) Bilateral monopoly. (d) Monopsony.

10. Dumping implies :

    (a) The same price in home and foreign market.

    (b) A higher price in the foreign market and lower price in the home market.

    (c) A higher price in the home market and lower price in the foreign market.

    (d) All the above.

11. The distinction between firm and industry disappears under :

    (a) Oligopoly. (b) Duopoly.

    (c) Monopoly. (d) Contestable market.

12. 'The social cost of producing guns is the amount of butter foregone'. This is called :

    (a) Opportunity cost. (b) Explicit cost.

    (c) Implicit cost. (d) Social cost.

(12 × ½ = 6 marks)

Part B (Very Short Answer Questions)

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

13. Define Social Cost.
14. Explain about market sharing cartels.
15. Explain natural monopoly.
16. What do you mean by price leader ?
17. What is meant by peakload pricing ?
18. What is meant by factor pricing ?
19. Define Duopoly.
20. Explain about horizontal demand curve.
21. Explain economic rent.
22. Explain implicit cost.
23. Define price discrimination.
24. What makes monopoly different from monopolistic competition ?

(10 × 2 = 20 marks)

Part C (Short Essay Questions)

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

25. What are the important types of price discrimination ?
26. Differentiate between variable cost and fixed cost.
27. Explain about demand of a firm for a single variable factor in perfectly competitive market.
28. What are the important features of Oligopoly market ?
29. Analyse the conditions of long run equilibrium of industry under perfect competition.
30. Explain the marginal productivity theory of distribution.
31. Explain the modern approach to the theory of costs.
32. Examine various types of price leadership.

(6 × 5 = 30 marks)

Turn over

Part D (Essay Questions)

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

33. Examine the price and output determination under monopoly market condition.

34. Briefly explain about the process of equilibrium in a perfectly competitive factor market.

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

36. Comment on the predictions of the perfect competitive model in the following situations :

    (a) A shift in market demand.

    (b) A shift in the costs following changes in factor prices.

    (c) Imposition of a tax by the Government.

(2 × 12 = 24 marks)