

**D 51556**

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Name.....

Reg. No.....

**THIRD SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2013**

(UG-CCSS)

Core Course—Economics

**EC 3B 04—MICROECONOMICS—II**

(Common for Economics with specialisation Development Economics and Foreign Trade)

Time : Three Hours

Maximum : 30 Weightage

**Part A**

*Answer all questions.*

**A. Multiple Choice Questions :**

- 1 A Market structure characterized by the existence of a few buyers ?
  - (a) Duopoly.
  - (b) Monopolistic competition.
  - (c) Oligopoly.
  - (d) Monopoly.
- 2 Equilibrium output under Perfect Competition corresponds to the point where :
  - (a)  $MC = AC$ .
  - (b)  $P = MC$ .
  - (c)  $AR = MR$ .
  - (d)  $AR = AC$ .
- 3 Under monopoly market structure MR lies \_\_\_\_\_ AR.
  - (a) Above.
  - (b) Below.
  - (c) Alongside.
  - (d) Across.
- 4 Marginal cost is :
  - (a) Total cost divided by output.
  - (b) Cost the firm pays in the margin.
  - (c) Change in TC due to change in input.
  - (d) Zero for the firm producing in the short run.

**B. Fill in the blanks :**

- 5 Cartels are a feature of \_\_\_\_\_ market structure.
- 6 In the long run firms under perfect competition earn only \_\_\_\_\_ profit.
- 7 In the short run, if a firm is making supernormal loss, in the long run it may \_\_\_\_\_ the industry.
- 8 Profit is the difference between TC and \_\_\_\_\_.

**Turn over**

C. Answer in a word/sentence :

- 9 AR curve under Perfect Competition. 10 The Short run.  
11 Price taker. 12 Non-collusion.

(12 × ¼ = 3 weightage)

### Part B (Short Answer Type Questions)

Answer **all** nine questions.

Each question carries 1 weightage.

- 13 What are the features of a Monopoly ?  
14 What is a Cartel ? Give an example of a cartel.  
15 **Explain** the concept of Dumping.  
16 What is a Natural Monopoly ?  
17 What is meant by Product Differentiation ?  
18 Explain the role of advertising and selling cost under Oligopoly.  
19 Why is the demand curve of a firm under perfect completion a horizontal straight line ?  
20 What is meant by Third Degree Price Discrimination.  
21 Illustrate graphically the backward sloping supply curve for labour.

(9 × 1 = 9 weightage)

### Part C (Short Essay/Paragraph Type Questions)

Answer any **five** questions.

Each question carries 2 weightage.

- 22 What are the features of an oligopoly market structure ?  
23 Why is a firm, under perfect competition, called a price taker ?  
24 Draw a diagram to illustrate labour market equilibrium.  
25 What do you mean by product differentiation ? Under what market structure is it seen ?  
26 Explain the concept of shut down.  
27 Illustrate with the help of a diagram the economic profit earned by a firm under monopoly.  
28 Explain the concept of Excess Capacity. Under which market structure is it most likely to occur ?

(5 × 2 = 10 weightage)

### Part D (Essay Questions)

Answer any **two** questions.

Each question carries 4 weightage.

- 29 Elaborate with the help of diagrams short run and long run price and output determination under monopolistic competition.  
30 Give a comparison of a Monopolistic and a Perfectly competitive market structure.  
31 Discuss in details the Kinked demand theory.

(2 × 4 = 8 weightage)