

TDP (General) 2nd Semester Exam., 2019

ECONOMICS

(General)

[DSC/GE]

SECOND PAPER

(Introductory Micro Economics)

Full Marks : 80

Time : 3 Hours

The figures in the margin indicate full marks.

*Candidates are required to give their answers
in their own words as far as practicable.*

Group - A

(Multiple Choice Questions)

1. Answer *all* the questions by choosing the correct option from answers given for each question. $1 \times 20 = 20$

(i) A budget line is —

- (a) positively sloped straight line
- (b) negatively sloped straight line
- (c) parallel to the horizontal axis
- (d) parallel to the vertical axis

[Turn Over]

(2)

- (ii) For a Giffen good price effect is —
- (a) positive
 - (b) negative
 - (c) undefined
 - (d) none of the above
- (iii) Indifference curve approach is introduced by
- (a) Alfred Marshall
 - (b) Hicks and Allen
 - (c) Adam Smith
 - (d) David Ricardo
- (iv) Indifference curve is convex to the origin due to the assumption of —
- (a) law of increasing marginal utility
 - (b) law of constant marginal utility
 - (c) law of diminishing marginal utility
 - (d) none of the above

(3)

- (v) The price consumption curve of normal good is —
- (a) upward sloping
 - (b) backward sloping
 - (c) downward sloping
 - (d) horizontally sloped
- (vi) Condition for making normal profit in the short run is fulfilled when —
- (a) average revenue $>$ average cost
 - (b) average revenue $<$ average cost
 - (c) average revenue = average cost
 - (d) none of the above
- (vii) The products sold under perfect competition are —
- (a) identical
 - (b) similar
 - (c) close substitutes to each other
 - (d) none of the above

[Turn Over]

(4)

(viii) A perfectly competitive firm earn super profits in the —

- (a) short run
- (b) long run
- (c) either 'a' or 'b'
- (d) both 'a' and 'b'

(ix) Price discrimination mean different price for —

- (a) different products
- (b) same products
- (c) both 'a' and 'b'
- (d) none of the above

(x) The condition for long run equilibrium of a monopolist is —

- (a) $P > LAC$
- (b) $P \leq LAC$
- (c) $P = LAC$
- (d) $P \geq LAC$

(5)

(xi) Under monopolistic competition there are —

- (a) two firms
- (b) few firms
- (c) many firms
- (d) large number of firms

(xii) Monopolistic competition is an ideal mix of —

- (a) monopoly and duopoly
- (b) monopoly and oligopoly
- (c) monopoly and perfect competition
- (d) monopoly and monosony

(xiii) Sweezy model is characterised by —

- (a) positively sloped demand curve
- (b) negatively sloped demand curve
- (c) kinked demand curve
- (d) either 'a' and 'b'

[Turn Over]

(6)

(xiv) In Cournot model, the cost of production

- (a) indeterminate
- (b) high
- (c) zero
- (d) low

(xv) The concept of reaction curve exists in —

- (a) perfect competition
- (b) monopoly
- (c) oligopoly
- (d) monopolistic competition

(xvi) Quasi rent applies in the —

- (a) short run
- (b) long run
- (c) either 'a' or 'b'
- (d) neither 'a' nor 'b'

(7)

(xvii) Value of marginal productivity (VMP) is the product of price and —

- (a) marginal physical productivity
- (b) marginal revenue productivity
- (c) average revenue productivity
- (d) average physical productivity

(xviii) Transaction demand for money depends on —

- (a) rate of interest
- (b) price level
- (c) income
- (d) all of the above

(xix) Risk and uncertainty theory of profit is propounded by —

- (a) J. B. Clark
- (b) F. H. Knight
- (c) J. Schumpeter
- (d) F. B. Hawlay

[Turn Over]

(8)

(xx) Marginal Productivity theory states that —

- (a) wage rate $> MP_L$
- (b) wage rate $< MP_L$
- (c) wage rate $= MP_L$
- (d) wage rate $= AP_L$

Group - B

(Short Questions)

Answer the following questions.

3×4=12

- 2. (a) Explain the price effect. 3
Or
- (b) Distinguish between inferior and Giffen good. 3
- 3. (a) Distinguish between short run and long run. 3
Or
- (b) Explain the concept of supernormal profits. 3
- 4. (a) Mention any two characteristics of monopolistic competition. 3
Or

(9)

(b) Mention two characteristics of monopsony market? 3

5. (a) Explain the concept of quasi rent. 3
Or

(b) Distinguish between money wage and real wage. 3

Group - C

(Descriptive / Broad Questions)

Answer the following questions. 12×4=48

6. (a) Briefly discuss the Marshallian utility analysis with assumptions. (4+8)=12

Or

(b) (i) What is ICC?

(ii) Derive ICC for a normal good by using indifference curve framework. 2+10=12

7. (a) Mention the characteristics of perfect competition. Graphically explain short run equilibrium of a perfectly competitive market. 4+8=12

[Turn Over]

(10)

Or

(b) Briefly explain the equilibrium of a discriminating monopolist. 12

8. (a) (i) Distinguish between price discrimination and product differentiation.

(ii) Distinguish between the equilibria of a perfectly competitive firm and monopolistically competitive firm. $6+6=12$

Or

(b) (i) Mention the causes of market failure.

(ii) State some of the solutions to market failure. $6+6=12$

9. (a) (i) Distinguish between MRP and VMP.

(ii) Shortly explain the marginal productivity theory of distribution. $2+10=12$

Or

(b) Discuss the Keynesian liquidity preference theory of interest. 12
