TDC Even Semester Exam., 2019

ECONOMICS

(Honours)

(2nd Semester)

Course No. : ECOH–201

(Microeconomics—II)

Full Marks : 50
Pass Marks : 17

Time : 2 hours

The figures in the margin indicate full marks for the questions

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. *(a)* How does a firm determine its equilibrium price and output under perfect competition in the short-run? 6

(b) How do you draw the long-run supply curve of an industry under constant cost condition? 4

2. *(a)* Is it possible for a monopolist to incur loss in the short-run? Discuss elaborately. 5

(2)

(b) "A monopolist will never be in equilibrium on the inelastic (e_p 1) portion of the demand curve." Explain. 5

UNIT—II

3. *(a)* What is meant by product differentiation? 2

(b) Explain the long-run equilibrium of a firm operating under monopolistic competition. In this context, explain also the concept of excess capacity. 6+2=8

4. *(a)* Why is a firm's demand curve indeterminate under oligopoly? 3

(b) Explain Stackelberg model to interpret non-collusive oligopoly equilibrium. 7

UNIT—III

5. *(a)* Distinguish between economic rent and quasi-rent. Can quasi-rent be negative? Justify your answer. 4+2=6

(b) Is rent price-determined or price-determining? Discuss. 4

(3)

6. *(a)* Draw the supply curve of labour assuming leisure as a normal good. 8

(b) Why is the supply curve of labour backward bending? Explain. 2

UNIT—IV

7. "When each factor is paid according to its marginal productivity, the total product is exhausted." Examine the statement critically. 10

8. *(a)* Write a note on liquidity trap. 4

(b) "Interest is the price for parting with liquidity." Discuss. 6

UNIT—V

9. *(a)* Define economic efficiency. 3

(b) Explain Pareto's three conditions for achievement of economic efficiency. 7

10. *(a)* Distinguish between individual welfare and social welfare. 2+2=4

(4)

(b) Is it possible to measure social welfare without interpersonal comparison of utility? Put forward your arguments. 6

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