

**SECOND SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
MAY 2019**

B.A. 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. Economic rent is earned by a factor when its :
 - (a) Supply is inelastic.
 - (b) Supply is elastic.
 - (c) Supply is more than demand.
 - (d) Demand is more than supply.
2. If demand for a product falls, the demand curve for labour used to produce the product will shift.
 - (a) Downward.
 - (b) Rightward.
 - (c) Upward.
 - (d) Leftward.
3. Quasi rent is the income derived from :
 - (a) Free gifts of nature.
 - (b) Agricultural products.
 - (c) Man made machines and appliances.
 - (d) All the above
4. Which of the markets have the feature of high advertising cost ?
 - (a) Pure competition.
 - (b) Perfect competition.
 - (c) Monopolistic competition.
 - (d) Monopoly.
5. Each firm assumes the rival's output as being constant under :
 - (a) Cournot model.
 - (b) Edgeworth model.
 - (c) Bertrand model.
 - (d) None of these.

6. The author of the book "The Theory of Monopolistic Competition" is :
- (a) J. Rhicks. (b) P. A. Samuelson.
(c) John Robinson. (d) E. H. Chamberlin.
7. In which of the following market structure, entry barriers are the highest ?
- (a) Perfect Competition. (b) Oligopoly.
(c) Monopolistic Competition. (d) Monopoly.
8. The Lerner's index of monopoly power has a value :
- (a) Zero. (b) One.
(c) Between zero and unity. (d) Two.
9. An example of implicit cost is :
- (a) Expenditure on advertisement. (b) Interest for own capital.
(c) Wages for hiring labour. (d) Cost of raw materials.
10. Monopsony is a market situation characterised by :
- (a) Single buyer and single seller. (b) Single seller.
(c) Many buyers and a single seller. (d) Single buyer.
11. In Perfect Competition, the firm is a :
- (a) Price giver. (b) Price maker.
(c) Price fixer. (d) Price taker.
12. A firm's shut down point is reached when ?
- (a) AR fails to cover ATC. (b) AR fails to cover AVC.
(c) AR fails to cover MC. (d) MR fails to cover MC.

(12 × ½ = 6 marks)

Part B (Very Short Answer Questions)

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

13. Define marginal cost.
14. What is envelope curve ?
15. Explain profit maximisation.
16. Define market.
17. What is dumping ?
18. What do you mean by imperfect competition ?
19. Explain Bilateral Monopoly.
20. What is meant by price leadership ?
21. Write a note on kinked demand curve.
22. Define profit.
23. Explain about factors of production.
24. Explain equilibrium price.

(10 × 2 = 20 marks)

Part C (Short Essay Questions)

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

25. Distinguish between marginal revenue product and value of marginal product.
26. Write a note on product differentiation.
27. What are the important features of monopolistic competition ?
28. What are the important sources of monopoly ?
29. Briefly explain about the supply curve of a firm and industry under perfect competition.
30. Distinguish between pure competition and perfect competition.
31. Elucidate the relationship between marginal cost and average cost.
32. Why the long run average cost is U shaped ?

(6 × 5 = 30 marks)

Turn over

Part D (Essay Questions)

*Answer any **two** questions.*

Each question carries 12 marks.

33. Explain price and output determination process under Perfect Competition in short run and long run.
34. How the factor price is determined in the competitive factor market ? Explain.
35. Compare Perfect Competition and Monopoly market structures.
36. Explain different forms of price leadership under Oligopoly.

(2 × 12 = 24 marks)