

**THIRD SEMESTER B.A. DEGREE EXAMINATION  
NOVEMBER 2014**

(U.G.—CCSS)

Core Course—Economics

EC 3B 04—MICROECONOMICS—II

(2013 Admissions)

Three Hours

Maximum : 30 Weightage

*Answers may be written either in English or in Malayalam.*

**Part A (Objective Type Questions)**

*Answer all twelve questions.*

*Each question carries a weightage of  $\frac{1}{4}$ .*

**I. Multiple choice questions :**

1 A firm in the perfect competitive market is a :

- (a) Price maker. (b) Price taker.  
(c) An inefficient producer. (d) Risk bearer.

2 The slope of the MR curve in the monopoly market is :

- (a) Parallel to the horizontal axis. (b) Vertical to the horizontal axis.  
(c) Linear and downward sloping. (d) Same as the AR curve.

3 The distinguishing feature of the monopolistic competition is :

- (a) Large number of buyers and sellers.  
(b) Identical products.  
(c) Selling cost.  
(d) Product differentiation.

4 Kinked demand curve shows :

- (a) Price is the same in oligopoly.  
(b) Price rigidity in oligopoly.  
(c) Elastic demand curve under oligopoly.  
(d) Acute competition among various sellers in Oligopoly.

Turn over

II. Fill in the blanks :

- 5 In the perfect competitive market there exists \_\_\_\_\_ profit in the long run.
- 6 The practice of selling the same product to different customers at different prices is called \_\_\_\_\_.
- 7 The marginal productivity theory of distribution is concerned with pricing.
- 8 The condition of equilibrium for the profit maximizing firms is \_\_\_\_\_ and \_\_\_\_\_ equilibrium.

III. State True or False :

- 9 Under perfect competition in the long run total revenue equals total cost.
- 10 In monopoly market, equilibrium takes place at the falling portion of the AC curve.
- 11 In the Kinked demand curve model of Oligopoly when a firm raises price other firms also raise price.
- 12 Monopolistic competition is a form of imperfect competition.

(12 × ¼ = 3 weight)

**Part B (Short Answer Type Questions)**

*Answer all **nine** questions.*

*Each question carries a weightage of 1.*

- 13 Distinguish between pure competition and perfect competition.
- 14 What are the conditions for price discrimination under monopoly ?
- 15 What do you mean by dumping ?
- 16 Why does selling cost exist in monopolistic competitive market ?
- 17 How is factor priced under conditions of perfect competition ?
- 18 What are the methods to control monopoly ?
- 19 Why is the demand curve perfectly elastic under perfect competition?
- 20 Explain the relationship between AR and MR curve in monopoly market.
- 21 Comment on the social cost of monopoly.

(9 × 1 = 9 weight)

**Part C (Short Essay or Paragraph Questions)**

*Answer any **five** out of seven.*

*Each question carries a weightage of 2.*

- 22 What is the relevance of short period and long period under perfect competition ?
- 23 Briefly explain the three degrees of price discrimination under monopoly.
- 24 Compare and contrast perfect competition and monopoly.

- 25 Comment on the various types of Oligopoly.
- 26 What is the relevance of selling cost under monopolistic competition ?
- 27 State the salient features of demand curve for the firms for inputs.
- 28 What do you mean by the social cost of monopoly ?

(5 × 2 = 10 weightage)

**Part D (Essays)**

*Answer any two of the following.  
Each question carries a weightage of 4.*

- 29 Explain the price determination of the firm under monopolistic competition with the help of a diagram.
- 30 What is the contribution of Paul M. Sweezy to Oligopoly pricing ? Why is price rigid under Oligopoly ?
- 31 Examine the salient features of input pricing and employment under perfect competition.

(2 × 4 = 8 weightage)