

17U248

(Pages:2)

Name.....

Reg. No.....

**SECOND SEMESTER B.A. DEGREE EXAMINATION, APRIL 2018**

(Regular/Supplementary/Improvement)

(CUCBCSS – UG)

(Core Course: Economics)

**CC15U ECO2 B02 – MICRO ECONOMICS II**

(2015 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

**Section A**

Answer *all* questions. Each question carries ½ mark.

Multiple Choice:

1. Learner Index is a measure of  
a) Elasticity of Demand      b) Monopoly Power      c) Inequality      d) None of these
2. The condition of short run equilibrium under perfect competition is  
a)  $MC = MR$       b) MC cuts MR from below  
c) MC is rising when it cuts AR      d) All the above
3. Which of the following is a form of collusive oligopoly?  
a) Bilateral Monopoly      b) Monopoly      c) Cartel      d) kinked oligopoly
4. The demand for an input is  
a) Direct Demand      b) Derived Demand  
c) Income Demand      d) None of these
5. Refrigerator company is an example of  
a) Oligopoly      b) Perfect Competition  
c) Monopoly      d) Bilateral Monopoly
6. The operating cost can be included in  
a) Variable Cost      b) Fixed Cost  
c) Average Cost      d) Total Fixed Cost

Fill in the Blanks:

7. The demand curve of a monopoly firm is ----- slopped.
8. Selling cost is a feature of ----- market structure.
9. The market situation characterized by one buyer is called -----.
10. The Slope of the average fixed cost curve is -----.
11. The book “The Theory of Monopolistic Competition” is written by -----.
12. The envelop curve is the ----- curve of the firm.

**(12 x ½ = 6 Marks)**

### Section B

Answer any *ten* questions in not exceeding one paragraph. Each question carries 2 marks.

13. What is Discriminating Monopoly?
14. Define the concept of Excess capacity.
15. What is shut down point?
16. Distinguish between Prime cost and Overhead cost.
17. Define Cartel.
18. What is Dumping?
19. Explain Price leadership.
20. What is input pricing?
21. What is Peak-load pricing?
22. Explain the marginal conditions of Pareto Optimality.
23. Distinguish between tying and bundling.
24. What is the relationship between AC and MC? (10 x 2 = 20 Marks)

### Section C

Answer any *six* questions in not exceeding one page. Each question carries 5 marks

25. How does Sweezy explain Price rigidity observed in Oligopolistic markets?
26. Explain the substitution and income effect of a wage increase with a diagram.
27. Diagrammatically explain the relationship between AVC, AFC, AC and MC.
28. Explain the nature of AR and MR curves under perfect competition.
29. Explain the equilibrium of a monopoly firm in the short run.
30. Explain the Cournot's Duopoly model.
31. Explain the marginal productivity theory of input demand.
32. Define monopoly power and explain the methods of measuring monopoly power. (6 x 5 = 30 Marks)

### Section D

Answer any *two* questions in not exceeding three pages. Each question carries 12 marks.

33. Narrate the conditions of short run and long run equilibrium of the firm and industry under perfect competition.
34. Explain the various degrees of price discrimination and discuss the conditions under which price discrimination can be successfully practiced.
35. Explain the profit maximization and optimal input employment under perfect competition.
36. Describe the short run and long run equilibrium under monopolistic competition. (2 x 12 = 24 Marks)

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