



Reg. No. : .....

Name : .....

**II Semester B.A. Degree (CCSS – Reg./ Supple./Improv.)**  
**Examination, May 2014**  
**CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS**  
**2B02 ECO : Micro Economic Analysis – II**  
**(2011 and Earlier Admn.)**

Time : 3 Hours

Max. Weightage : 30

**Instruction :** Answer may be written either in **English** or in **Malayalam**.

**PART – A**

Objective type questions (in bunches of **two**) :

I. Choose the correct answer :

1) Which of the following is correct under monopoly ?

- a)  $MC = MR = AR$
- b)  $MC = MR < AR$
- c)  $TC = TR$
- d)  $AFC = AVC$

2) Who developed the theory of monopolistic competition ?

- a) J. R. Hicks
- b) Schumpeter
- c) Chamberline
- d) Joan Robinson

3) Average revenue is

- a)  $TR/TC$
- b)  $TR/\text{output number}$
- c)  $TC/TR$
- d)  $TR/AC$

4) The product homogeneity is a condition of

- a) Perfect competition
- b) Imperfect competition
- c) Oligopoly
- d) Monopolistic competition



II. Fill up the blanks with correct answer :

- 5) In the long run a firm under competitive market earns \_\_\_\_\_
- a) Abnormal profit      b) Normal profit  
c) Excess profit      d) Loss
- 6) Dumping is related in \_\_\_\_\_
- a) First degree discrimination  
b) Second degree discrimination  
c) Third degree discrimination  
d) None of these
- 7) Under perfect competition, AR curve will be
- a) Horizontal to x-axis  
b) Vertical to y-axis  
c) Downward sloping from left to right  
d) Upward sloping from left to right
- 8) If the  $MRTS_{LK}$  equals 2, then  $MPK/MPL$  will be \_\_\_\_\_
- a) 2      b)  $\frac{1}{2}$       c) 1      d) 4

(Weightage : 2x1=2)

PART - B

**Short answer questions.** Answer **any ten** questions of the following not exceeding **50 words each.** Each question carries **1** weightage.

9. What is meant by duopoly ?
10. Define the marginal product of a factor.
11. Explain Euler's theorem.
12. What is non-price competition ?
13. Define the concept of quasi-rent.
14. Distinguish between perfect and imperfect competition.
15. What is meant by product differentiation ?
16. Explain the subsistence theory of wage.



17. Distinguish between the AR curve of a firm under perfect competition and under monopoly.
18. What is marginal revenue product ?
19. Distinguish between monopsony and monopoly.
20. What are the factors affecting the demand for a factor ? **(Weightage 1x10)**

PART - C

**Short Essay.** Answer **any five** questions not exceeding **150 words each.** Each question carries **2** weightage.

21. State the features of monopolistic competition.
22. Explain the criteria of social welfare.
23. How does a monopolist attain equilibrium in the short run ? State how price and output is fixed by the monopolist.
24. Explain the case of price rigidity under oligopoly.
25. Explain the dynamic theory of profit.
26. State the meaning of economic rent.
27. Examine the cost of additional employment of a factor in terms of its MRP. **(Weightage 2x5)**

PART - D

**Long essay.** Answer **any two** questions not exceeding **450 words.** Each question carries **4** weightage.

28. How does a firm reach its equilibrium under perfect competition ?
29. Explain the liquidity preference theory of interest.
30. What is meant by price leadership under oligopoly ? State the different form of price leadership.
31. Explain the marginal productivity theory of distribution. **(Weightage 4x2)**