

D 51831

(Pages : 2)

Name.....

Reg. No.....

**THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
NOVEMBER 2023**

Economics

ECO 3B 04—MICRO ECONOMICS—II

(2019—2022 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

**Section A (Short Answer Questions)***Maximum marks in this Section is 25.**Students can attempt **all** questions.**Each question carries a maximum of 2 marks.*

1. Shutdown point.
2. Group equilibrium.
3. Kinked demand curve.
4. Excess capacity.
5. Selling cost.
6. Bilateral monopoly.
7. Homogeneous products.
8. Monopsony.
9. Factor market.
10. Constant cost industry.
11. Marginal productivity.
12. Collusive oligopoly.
13. Barometric price leadership.
14. Tariff.
15. Break-even point.

**Turn over**

**Section B (Short Essay/Paragraph Questions)**

*Maximum marks in this Section is 35.*

*Students can attempt **all** questions.*

*Each question carries a maximum of 5 marks.*

16. Distinguish between cartel and price leadership. What are the forms of cartel ?
17. Compare the nature of AR and MR curves under perfect competition, monopoly and monopolistic competition.
18. Critically examine Cournot's duopoly model.
19. Explain peak load pricing. Give examples. Point out the advantages of peak load pricing.
20. Define price discrimination. Illustrate various degrees of price discrimination.
21. Explain the nature of demand curve of the firm for one variable input.
22. Define monopoly power. Discuss the measurement of monopoly power.
23. Explain difference between tying and bundling. Discuss their nature as forms of price discrimination.

**Section C (Long Essay Questions)**

*Answer any **two** questions.*

*Each question carries a maximum of 10 marks.*

24. Examine Long run equilibrium of the firm under perfect competition. Evaluate the nature and shift in equilibrium position in the cases of constant, increasing and decreasing cost industries.
25. Illustrate the short run and long run equilibrium of a monopolist diagrammatically.
26. Discuss meaning and characteristics of an oligopoly market.
27. Examine and compare equilibrium of factor market with monopoly power and factor market with monopsony power.

(2 × 10 = 20 marks)

**D 51831-A**

(Pages : 4)

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Economics

ECO 3B 04—MICRO ECONOMICS—II

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(Multiple Choice Questions for SDE Candidates)

**Time : 15 Minutes****Total No. of Questions : 20****Maximum : 20 Marks****INSTRUCTIONS TO THE CANDIDATE**

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

ECO 3B 04—MICRO ECONOMICS—II  
(Multiple Choice Questions for SDE Candidates)

1. Selling cost is insignificant under :
  - (A) Perfect competition.
  - (B) Monopoly.
  - (C) Monopolistic competition.
  - (D) All of the above.
2. Homogenous product means products are :
  - (A) Similar.
  - (B) Close substitutes.
  - (C) Quite alike.
  - (D) None of the above.
3. There is inverse relation between price and demand for the product of a firm under :
  - (A) Monopoly only.
  - (B) Monopolistic competition only.
  - (C) Both under monopoly and monopolistic competition.
  - (D) Perfect competition only.
4. Demand curve of a firm is perfectly elastic under :
  - (A) Perfect competition.
  - (B) Monopoly.
  - (C) Monopolistic competition.
  - (D) Oligopoly.
5. The short-run supply curve of the perfectly competitive firm is given by :
  - (A) The rising portion of its MC curve over and above the shut-down point.
  - (B) The rising portion of its MC curve over and above the break-even point.
  - (C) The rising portion of its MC curve over and above the AC curve.
  - (D) The rising portion of its MC curve..
6. An increase in output in a perfectly competitive and constant cost industry which is in long-run equilibrium will come :
  - (A) Entirely from new firms.
  - (B) Entirely from existing firms.
  - (C) Either entirely from new firms or entirely from existing firms.
  - (D) Partly from new firms and partly from existing firms.

7. Monopoly market is :
- (A) Single seller market. (B) Single buyer market.  
(C) Single buyer and seller. (D) None.
8. Third degree price discrimination occurs when the monopolist charges different prices for the same commodity in different :
- (A) Markets. (B) Places.  
(C) Continents. (D) Countries.
9. At the point of equilibrium of a monopolist MC cuts MR curve :
- (A) From below. (B) From above.  
(C) At point of equality of AC and AR. (D) None.
10. Railways is an example of :
- (A) Simple monopoly. (B) Differentiated monopoly.  
(C) Natural monopoly. (D) Monopsony.
11. The concept of group equilibrium is related to :
- (A) Perfect competition. (B) Monopoly.  
(C) Monopolistic competition. (D) Oligopoly.
12. Comparing a monopoly and a competitive firm, the monopolist will :
- (A) Produce less at a lower price. (B) Produce more at a lower price.  
(C) Produce less at a higher price. (D) Produce less at a lower price.
13. The market structure with Perfect knowledge is called :
- (A) Perfect competition. (B) Monopoly.  
(C) Monopolistic competition. (D) Oligopoly.
14. If the market demand curve for a commodity has a negative slope then the market structure must be :
- (A) Perfect competition.  
(B) Monopoly.  
(C) Imperfect competition.  
(D) The market structure cannot be determined from the information given.

Turn over

15. If a firm sells its output on a market that is characterized by many sellers and buyers, a homogeneous product, unlimited long-run resource mobility, and perfect knowledge, then the firm is a :
- (A) A monopolist. (B) An oligopolist.  
(C) A perfect competitor. (D) A monopolistic competitor.
16. If a firm sells its output on a market that is characterized by many sellers and buyers, a differentiated product, and unlimited long-run resource mobility, then the firm is :
- (A) A monopolist. (B) An oligopolist.  
(C) A perfect competitor. (D) A monopolistic competitor.
17. If one perfectly competitive firm increases its level of output, market supply :
- (A) Will increase and market price will fall.  
(B) Will increase and market price will rise.  
(C) And market price will both remain constant.  
(D) Will decrease and market price will rise.
18. A monopolized market is in long-run equilibrium when :
- (A) Zero economic profit is earned by the monopolist.  
(B) Production takes place where price is equal to long-run marginal cost and long-run average cost.  
(C) Production takes place where long-run marginal cost is equal to marginal revenue and price is not below long-run average cost.  
(D) All of the above are correct.
19. Which of the following types of firms is likely to be a monopolistic competitor ?
- (A) A local telephone company. (B) An automobile manufacturer.  
(C) A restaurant. (D) All of the above.
20. Which of the following is a characteristic of monopolistic competition ?
- (A) Few sellers.  
(B) A differentiated product.  
(C) Easy entry into and exit from the industry.  
(D) All of the above.