

C 4231

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Name.....

Reg. No.....

**SECOND SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
APRIL 2021**

Economics

ECO 2B 02—MICRO ECONOMICS—II

Time : Three Hours

Maximum : 80 Marks

Answer may be either in English or in Malayalam.

Part A

Answer all twelve questions.

Each question carries ½ mark.

1. If a firm sells its output on a market that is characterized by few sellers and many buyers and limited long-run resource mobility, then the firm is :
 - a) A monopolist.
 - b) An oligopolist.
 - c) A perfect competitor.
 - d) A monopolistic competitor.
2. Which of the following is an implicit cost ?
 - a) Depreciation in the value of a company-owned car as it wears out.
 - b) The salary earned by a corporate executive.
 - c) Property taxes.
 - d) None of these.
3. In perfect competition :
 - a) The price charged by a firm equals the marginal revenue.
 - b) The price charged by a firm equals the average variable cost.
 - c) The fixed cost equals the variable costs.
 - d) The price charged by a firm equals the total costs.
4. Price discrimination is an essential feature of :
 - a) Perfect competition.
 - b) Oligopoly.
 - c) Duopoly.
 - d) Monopoly.

Turn over

5. Which of the following is a form of international price discrimination ?
- a) Dumping.
 - b) Bundling.
 - c) Discounting.
 - d) Off loading.
6. Which of the following short-run cost curves declines continuously ?
- a) Average total cost.
 - b) Marginal cost.
 - c) Average fixed cost.
 - d) Average variable cost.
7. Which of the following forms of market organization assumes that entry and exit of firms is costless ?
- a) Differentiated oligopoly.
 - b) Duopoly.
 - c) Monopolistic competition.
 - d) Pure oligopoly.
8. Short-run average variable cost is equal to :
- a) Total variable cost divided by output.
 - b) Average total cost minus average fixed cost.
 - c) The cost per unit of the variable input divided by the average product of the variable input.
 - d) All of the above.
9. For a perfectly competitive firm :
- a) Total revenue is a straight line.
 - b) Price is greater than marginal revenue.
 - c) Price equals total revenue.
 - d) Price equals total cost.
10. The U shape of the LAC reflects :
- a) Law of Variable proportions.
 - b) Laws of returns to scale.
 - c) Law of demand.
 - d) None of these.
11. Which of the following is a form of collusive oligopoly ?
- a) Bilateral monopoly.
 - b) Monopoly.
 - c) Cartel.
 - d) Kinked Oligopoly.

12. Under the dominant-firm price leadership model :
- All firms but the dominant firm are price takers.
 - The dominant firm acts as the residual monopolistic supplier.
 - The demand curve faced by the dominant firm is flatter than the market demand curve.
 - All of the above are correct.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

Answer any ten questions.

Each question carries 2 marks.

- What is meant by shut down point ?
- Define opportunity cost ?
- Distinguish between fixed cost and variable cost.
- What are the important features of a perfectly competitive market ?
- What is Lerner index ?
- What is tying and bundling ?
- Explain the idea of peak load pricing.
- Briefly explain 'selling cost' with suitable examples.
- What is meant by factor market ?
- What is sunk cost ?
- Prepare a note on 'L' shaped cost curves.
- Examine the features of kinked demand curve.

(10 × 2 = 20 marks)

Part C (Short Essay Questions)

Answer any six questions.

Each question carries 5 marks.

- What are the important sources of monopoly power ?
- Explain the different degrees of price discrimination.

27. Examine the marginal productivity theory of input demand.
28. Examine the features of cartel and price leadership.
29. Distinguish between collusive and non-collusive oligopoly.
30. Explain the short run equilibrium of a firm in perfect competition.
31. What are the important remedial measures for the regulation of monopoly power ?
32. Distinguish between monopsony and bilateral monopoly.

(6 × 5 = 30 marks)

Part D (Essay Questions)

Answer any two questions.

Each question carries 12 marks.

33. Elucidate the long run and short run equilibrium of a firm in monopoly.
34. Explain the factor market equilibrium in a competitive market and imperfect market.
35. Elaborate the equilibrium of a firm in an oligopolistic market.
36. Explain the following :
 - a) AVC ;
 - b) ATC ;
 - c) AFC ;
 - d) Social cost ;
 - e) Economic cost ; and
 - f) Accounting cost.

(2 × 12 = 24 mark)