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# THIRD SEMESTER B.A. DEGREE EXAMINATION NOVEMBER 2014

(U.G.—CCSS)

Core Course—Economics

EC 3B 04—MICROECONOMICS—II

(2013 Admissions)

Time: 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.

#### II. Fill in the blanks:

- 5 In the perfect competitive market there exists \_\_\_\_\_ profit in the long run.
- $\bf 6$  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 \_\_\_\_ equality.

#### 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 x = 3 weightage)

## **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.

 $(9 \times 1 = 9 \text{ weightage})$ 

# 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?

 $(5 \times 2 = 10 \text{ weightage})$ 

# 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.

 $(2 \times 4 = 8 \text{ weightage})$