Ba/EC4.M4

2024

(FYUGP)

(4th Semester)

ECONOMICS

(Minor)

Paper Code : EC4.M4

(**Intermediate Microeconomics—II**)

Full Marks : 75   Pass Marks : 40%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(*Marks : 50*)

*The figures in the margin indicate full marks
for the questions*

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. Define wage. Discuss the marginal productivity theory of wages.   2+8=10

2. Explain differential rent with the help of diagram.   10

UNIT—II

3. Critically examine the innovation theory of profits.   10

4. What is profit? Discuss Hawley's risk-bearing theory of profit.   2+8=10

UNIT—III

5. Discuss the criterion of measuring social welfare.   10

6. Explain the concept of welfare economics. Discuss the scope of welfare economics. 4+6=10

UNIT—IV

7. Define monopoly. Explain the features of monopoly market.   2+8=10

8. Critically examine the Cournot model of duopoly.   10

UNIT—V

9. What do you mean by market failure? Discuss its causes.   3+7=10

10. Critically examine the problems inherent in the consumption of public goods.   10

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(Minor)

Paper Code : EC4.M4

(**Intermediate Microeconomics—II**)

(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions

1. Choose the correct answer and put a Tick (✓) mark against the brackets provided : 1×15=15

   (a) According to Ricardian theory, differential rent arises due to

   (i) different quality of land ( )

   (ii) choice of the farmers ( )

   (iii) variation in income of the farmers ( )

   (iv) difference in taste and preference ( )

(b) Modern theory of wages determines wage rate on the

    (i)   choice of the employers   ( )

    (ii) demand and supply principle   ( )

    (iii) basis of employer's income   ( )

    (iv) principle of worker's satisfaction   ( )

(c) What is the difference in wages called?

    (i)   Variety of wages   ( )

    (ii) Wage discrimination   ( )

    (iii) Worker's ignorance   ( )

    (iv) Wage differential   ( )

(d) The dynamic theory of profit is propounded by

    (i) David Ricardo   ( )

    (ii) Adam Smith   ( )

    (iii) J. B. Clark   ( )

    (iv) Schumpeter   ( )

(e) "Rent is the difference between least and most fertile land, similarly profit is the difference between earnings of the least and most efficient entrepreneurs." Who said this?

    (i) Hawley   ( )

    (ii) Walker   ( )

    (iii) Kaldor   ( )

    (iv) Hawtrey   ( )

(f) "Profit is the reward of risk taking in a business." Who said this?

   (i) J. M. Keynes   ( )

   (ii) J. B. Clark   ( )

   (iii) F. B. Hawley   ( )

   (iv) J. A. Schumpeter   ( )

(g) Acts of coercion aimed at improving the welfare of targeted individuals is called

   (i) cardinalist view   ( )

   (ii) Pareto's optimality   ( )

   (iii) Bentham's theorem   ( )

   (iv) paternalist argument   ( )

(h) Cardinalist criterion of welfare assumes all individuals

    (i) have identical utility functions for money ( )

    (ii) have different utility functions for money ( )

    (iii) have measurable utility functions for money ( )

    (iv) measure utility only in terms of money ( )

(i) Price discrimination can be checked in

    (i) monopoly market ( )

    (ii) monopolistic competition market ( )

    (iii) oligopoly market ( )

    (iv) perfect competition market ( )

(j) Demand curve that is not linear but has different degrees of elasticity at different price levels is called

    (i) Cournot's duopoly   (   )

    (ii) Sweezy's kinked demand curve   (   )

    (iii) monopolistic market   (   )

    (iv) Chamberlin's oligopoly   (   )

(k) The market with interdependence, product differentiation, high barriers to entry, uncertainty and price setters is called

    (i) oligopoly market   (   )

    (ii) monopolistic competition market   (   )

    (iii) monopoly market   (   )

    (iv) perfect competition market   (   )

(*l*)   The greatest happiness for the greatest number is

       (*i*)   paternalist concept of welfare ( )

       (*ii*)   Pareto's optimality concept of welfare ( )

       (*iii*)   Bentham's concept of welfare ( )

       (*iv*)   cardinalist view of welfare ( )

(*m*)   An externality is a cost or benefit that is caused by one party

       (*i*)   financially incurred or received by another party ( )

       (*ii*)   financially incurred or received by the same party ( )

       (*iii*)   No cost or benefit on the third party ( )

       (*iv*)   cost and benefit are equally shared ( )

(n) Coase theorem suggests that problems related to externalities can be solved

    (i) if one party has upper hand in decision-making   (   )

    (ii) if both parties are willing to bargain with each other   (   )

    (iii) if both parties stayed away from each other   (   )

    (iv) if third party is involved in solving externality   (   )

(o) Anything that causes an indirect cost to individual is

    (i) positive externality   (   )

    (ii) negative externality   (   )

    (iii) positive consumption   (   )

    (iv) negative consumption   (   )

2. Write short notes on any *five* of the following : 2×5=10

(a) Quasi-rent

(b) Scarcity rent

(c) Dynamic concept of profit

(d)   Pareto's optimality

(e) Value judgement

(f) Oligopoly

(g) Moral hazards

(h)   Public goods

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