PART-B : Descriptive

Time : 2 hrs. 40 min. **Marks : 50**

[Answer question no.1 & any four (4) from the rest]

1. What are the characteristics of perfectly competitive market and how is price determined under the market period? 10

2. **a.** What is Excess capacity? 5+5=10

b. How does it arise under Monopolistic Market?

3. **a.** Briefly discuss the objectives of the firm and its determinants as per the Marris theory of firm. 4+6 =10

b. "Sales maximizers advertise more than profit maximizers"- Explain.

4. **a.** Explain the conditions under which Monopolistic price determination is possible. 6+4 =10

b. Explain briefly four features of monopolistic competition.

5. **a.** What is information asymmetry? "The Bad Driving out the Good"- Explain. 5+5=10

b. Discuss very briefly the consumer's behaviour towards risk and its expected utility maximisation.

6. **a.** Elaborately discuss the product line pricing policy. 6+4 =10

b. Distinguish between price skimming and penetration pricing.

7. **a.** Summarize the Williamson's Utility Maximization theory of firm. 5+5=10

b. Discuss pricing policy in brief.

8. **a.** What do you mean by kinked demand curve? 3+3+4 =10

b. Distinguish between selling cost and production cost.

c. How far selling cost help the producers to increase their sales?

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MA ECONOMICS
SECOND SEMESTER
MICRO ECONOMIC ANALYSIS- II
MEC-201

(Use Separate Answer Scripts for Objective & Descriptive)

Duration : 3 hrs. **Full Marks : 70**

PART-A : Objective

Time : 20 min. **Marks : 20**

Choose the correct answer from the following: ***1×20=20***

1. The Shape of the Demand curve under perfectly competitive Market is
- **a.** Horizontal straight line
- **b.** Perfectly elastic
- **c.** Sloping downward from left to right
- **d.** The curve is vertical

2. Which statement is correct
- **a.** in the long run there is no fixed cost
- **b.** in the long run there is no fixed input
- **c.** in the short run there is no fixed input
- **d.** In the short run there is no variable cost

3. According to Baumol's theory, who seek to maximize sales-
- **a.** Owner
- **b.** Manager
- **c.** Shareholders
- **d.** Entrepreneur

4. Growth maximization theory of firm is given by-
- **a.** Robin Marris
- **b.** Baumol
- **c.** Williamson
- **d.** Schumpeter

5. Advertizing and R&D expenses are emphasized in the model of-
- **a.** Robin Marris
- **b.** Baumol
- **c.** Willamson
- **d.** Schumpeter

6. The demand curve faced by monopolistic firm is-
- **a.** horizontal straight line
- **b.** Vertical
- **c.** Sloping gently downward from left to right
- **d.** None of the above

7. 'Managerial discretion theory' is the other name given to the model of-
- **a.** Marshall
- **b.** Hicks
- **c.** Williamson
- **d.** None

8. The Flatterers of the average revenue curve under Monopolistic Market depends on
- **a.** The degree of elasticity
- **b.** Number of close substitute available in the market
- **c.** The price of the commodity
- **d.** The numbers of producer

9. Under pricing policy, prices are determined considering-
   a. Cost of production **b.** Value of product or service
   c. Competition for the product or service **d.** All

10. Dumping is possible under the-
   a. Oligopoly market **b.** Monopoly market
   c. Monopoly with price discrimination **d.** Perfectly competitive market

11. Problem of estimating expected sales in a particular time period stands out to ba a major limitation of-
   a. Target return pricing **b.** Cost-plus pricing
   c. Product line pricing **d.** None

12. Mark-up pricing is the another name given to-
   a. Target return pricing **b.** Cost plus pricing
   c. Product line pricing **d.** Penetration pricing

13. Under Oligopoly market the producers are
   a. Interdependence **b.** Independent
   c. Price takers **d.** None of the above

14. Excess capacity prevailed under
   a. Perfect competition **b.** Imperfect competition
   c. Monopoly market **d.** Perfectly competitive market

15. Neumann and Morgenstern studied human behavior in the context of
   a. Insurance **b.** Expected utility
   c. Certainty equivalent cash flow **d.** None

16. Which of the following is a type of information asymmetry
   a. Signaling **b.** Screening
   c. Moral hazard **d.** All

17. The kinked demand curve prevailed under
   a. Oligopoly market **b.** Monopoly market
   c. Monopolistic market **d.** Perfectly competitive market

18. Under collusive oligopoly the firms are working with
   a. Co-operation **b.** Non Co-operation
   c. Mutual understanding **d.** Independent

19. Attracting customers by offering low price initially, comes under which pricing strategy
   a. Penetration pricing **b.** Price skimming
   c. Cost plus pricing **d.** Product line pricing

20. The meaning of ideal output is
   a. All the factors of production are fully utilized **b.** The plant capacity are fully utilized
   c. The fixed factors are fully utilized **d.** Societies' Productive resources are efficiently utilized

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