

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

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

- The concept of price discrimination was propounded by.....
 - A. C. Pigou
 - Alfred Marshall
 - Abhijit V. Banerjee
 - Adam Smith
- A firm is charging a different price for each unit purchased by a consumer. This is called.....
 - First-degree price discrimination
 - third-degree price discrimination.
 - Second-degree price discrimination
 - fourth-degree price discrimination.
- An electric power company uses block pricing for electricity sales. Block pricing is an example of.....
 - Block pricing is not a type of price discrimination
 - third-degree price discrimination.
 - Second-degree price discrimination
 - First-degree price discrimination.
- "Take it or leave it" option is relevant to price discrimination:
 - 2nd degree
 - 1st degree
 - 3rd degree
 - All of the above
- Which of the following factors is not a characteristic of perfect competition?
 - Well-informed buyers and sellers about product prices
 - Individual firms spend a considerable amount on advertising
 - A large number of buyers and sellers
 - No restrictions on entry into or exit from the industry
- The supply curve concept is relevant to only.....
 - Perfect competition
 - Monopoly
 - Imperfect competition
 - Oligopoly
- Which of the following markets have the fewest number of firms?
 - Monopoly
 - Monopolistic competition
 - Oligopoly
 - Duopoly
- Free entry & exit is strictly barred in.....
 - Oligopoly
 - Monopoly
 - Duopoly
 - Perfect competition

9. Consumer surplus is the highest in.....
- 2nd degree
 - 1st degree
 - 3rd degree
 - None of the above
10. Which of the following statements is true?
- A firm has no control over the price of its product under perfect competition
 - A firm has no control over the price of its product under an oligopoly
 - A firm has no control over the price of its product under a monopoly
 - A firm has no control over the price of its product under monopolistic competition
11. Which one is correct?
- No excess capacity in perfect competition
 - Excess capacity is only in perfect competition
 - No excess capacity in monopolistic competition
 - No excess capacity is in imperfect competition
12. Even earning losses, firm can continue its production if.....
- $P \leq AVC$
 - $P < SAC$
 - $P \geq AVC$
 - $P = SMC$
13. In Cournot duopoly model with three firms, all firm together sharesof the market demand
- $\frac{2}{3}$
 - $\frac{1}{3}$
 - $\frac{3}{4}$
 - $\frac{1}{4}$
14. Premium is paid to.....
- Avoid the risk
 - Love the risk
 - Cover the risk
 - Be neutral about risk
15. Price cut competition means.....
- Trying to increase the sale of the firm by lowering the price of the other firms
 - Trying to increase the sale of the firm by increasing its price
 - Trying to increase the sale of the firm by lowering its price
 - Trying to increase the sale of the firm by increasing the price of the other firms
16. In price skimming, the firm.....
- Charges the lowest initial price and then raise it over time
 - Charges the highest initial price and maintain that
 - Charges the lowest initial price and maintain that
 - Charges the highest initial price that customers will pay and then lowers it over time
17. Peak load pricing is.....
- Charging a high price during demand peaks, and a lower price during off-peak time periods
 - Demand always at the peak and a price charged is always at the peak
 - Charging a high price always irrespective to demand contrition
 - Charging a low price during demand peaks, and a higher price during off-peak time periods

18. The kinked demand curve states that the demand curve has a kink at the.....
- a. Above the prevailing price
 - b. Price equals to zero
 - c. Below the prevailing price
 - d. Prevailing price
19. Risk pooling is related to.....
- a. Gambling
 - b. Insurance
 - c. Pollution
 - d. Taxation
20. Product differentiation is not a feature of the market:
- a. Monopoly
 - b. Monopolistic
 - c. Oligopoly
 - d. Duopoly

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(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

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| 1. When does a firm under Perfect Competition decide to Shut Down? Explain. | 10 |
| 2. Explain the attainment of multi plant equilibrium by the monopolist. | 10 |
| 3. Highlight the differences among the different types of Price Discrimination with suitable diagrams. | 10 |
| 4. Elaborate the critique of Chamberline's theory of monopolistic competition. | 10 |
| 5. What is perfect completion? What is monopolistic competition? Distinguish between the equilibrium under perfect completion and monopolistic competition. | 2+2+6=10 |
| 6. Critically explain the Baumol's sales maximization model without advertisement cost. | 10 |
| 7. What is a duopoly? Explain the Cournot's duopoly model. | 1+9=10 |
| 8. What is Kinked Demand Curve? Why it has two different types of elasticity for the two parts of the curve? | 2+8=10 |

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