# 2 0 2 4

( 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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**ECONOMICS**

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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    (   )

2.

*(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**

(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 ( )

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

(i) positive externality ( )

(ii) negative externality ( )

(iii) positive consumption ( )

(iv) negative consumption ( )

**(c)** Dynamic concept of profit

(d) Pareto's optimality

(e) Value judgement

(f)  Oligopoly

(g)  Moral hazards

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*(h)* Public goods

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