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63 (FY)SEM–2/MAJ2/ECOMAJ1024

2024

ECONOMICS

(Major)

Paper : ECOMAJ1024

(Intermediate Microeconomics–I)

Full Marks : 70

Time : Three hours

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

1. Choose the correct answer : 1×8=8

   (i) At the lowest point of the average cost (AC) curve

   (a) AC is greater than marginal cost (MC)

   (b) AC is less than MC

   (c) AC is equal to MC

   (d) AC is double of the MC

Contd.

(ii) When a firm charges the maximum price from the consumer that the consumer is willing to pay, the firm is engaged in

(a) first degree price discrimination

(b) second degree price discrimination

(c) discrete pricing strategy

(d) third degree price discrimination

(iii) Salary paid to permanent employees is an example of

(a) implicit cost

(b) variable cost

(c) fixed cost

(d) explicit cost

(iv) Perfect competition is a form of market in which there are

(a) a few firms producing identical goods

(b) many firms producing differentiated goods

(c) a few firms producing goods that differ

(d) large number of firms producing identical goods

(v) In the monopolistic competition form of market, which one of the following statements is generally correct?

(a) Freedom of entry and exit of firms

(b) Demand curve parallel to vertical axis

(c) Firm has full control over price

(d) Selling cost does not exist

(vi) In a cartel, member firms may be given a fixed amount to produce. This is called a

(a) limit

(b) factor

(c) quota

(d) quotient

(vii) In comparison to monopoly, the demand curve under monopolistic competition is

(a) infinitely elastic

(b) equally elastic

(c) more elastic

(d) less elastic

(viii) Which of the following factors is not a characteristic of perfect competition?

(a) A large number of buyers and sellers

(b) Well-informed buyers and sellers about product prices

(c) No restrictions on entry into or exit from the industry

(d) Individual firms spend a considerable amount on advertising

2. Answer the following questions : ***(any six)*** 2×6=12

(i) What is opportunity cost? Give an example.

(ii) "A competitive firm is a price taker and a monopoly firm is a price maker." Comment.

(iii) Write *any two* factors that lead to the emergence of oligopoly.

(iv) Write *two* justifications in favour of price discrimination.

(v) What is 'group' under monopolistic competition?

(vi) Define variable cost. Give an example.

(vii) What is a cartel?

(viii) Distinguish between explicit costs and implicit costs.

3. Answer the following questions : ***(any six)*** 5×6=30

(i) Explain how would you derive a short run supply curve of a firm under perfect competition.

(ii) Explain why the monopolist does not have a supply curve for his or her product.

(iii) Explain the long-run average cost curve.

(iv) Explain the conditions under which price discrimination is both possible and profitable in monopoly.

(v) Explain price discrimination of the first degree.

(vi) Are fixed costs zero when no production takes place ? If no, explain why. Explain the shape of average fixed cost (AFC) curve.

(vii) Briefly explain *any two* features of monopolistic competition.

(viii) Describe the relationship between average cost (AC) and marginal cost (MC).

(ix) "There is no unique solution to the problem of determination of price and output under oligopoly." Discuss.

4. Answer the following questions : ***(any two)*** $10 \times 2 = 20$

(i) Explain various economies of scale and diseconomies of scale that accrue to the firm when it expands its scale of production.

(ii) Explain how a monopolist attains equilibrium of price and output in the long run.

(iii) Explain the features of oligopoly market.

(iv) Analyse the short-run and long-run equilibrium of a firm working under monopolistic competition.