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63/1 (Sem-4) CC8/ECOHC4086

2024

ECONOMICS

Paper : ECOHC4086

(Intermediate Microeconomics-II)

Full Marks : 80

Pass Marks : 32

Time : Three hours

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

1. Choose the correct answer from the following: **(any six)** 1×6=6
- (a) A monopoly is—
- (i) a market structure with many sellers and one buyer
 - (ii) a market structure with one seller and many buyers
 - (iii) a market structure with few sellers and many buyers
 - (iv) a market structure with one seller and one buyer

- (b) The practice of price discrimination is associated with
- (i) Perfect Competition
 - (ii) Monopolistic Competition
 - (iii) Monopoly
 - (iv) None of the above
- (c) Which of the following best describes peak-load pricing?
- (i) Charging the same price regardless of demand fluctuations
 - (ii) Charging higher prices during periods of high demand
 - (iii) Charging lower prices during periods of high demand
 - (iv) Offering discounts only during off-peak hours
- (d) Which of the following is an example of a public good?
- (i) Public Park
 - (ii) National Defence
 - (iii) Only (i)
 - (iv) Both (i) and (ii)

- (e) In welfare economics, consumer surplus is:
- (i) the difference between the price consumers are willing to pay and the price they actually pay
 - (ii) the total amount of money consumers spend on goods and services
 - (iii) the total satisfaction consumers derive from consuming goods and services
 - (iv) the amount of profit earned by consumers in a perfectly competitive market
- (f) What is the central concept in general equilibrium theory?
- (i) Marginal analysis
 - (ii) Utility maximization
 - (iii) Market clearing
 - (iv) Comparative advantage
- (g) In game theory, what is a Nash equilibrium?
- (i) A situation where players cooperate for mutual benefit

- (ii) A situation where no player has an incentive to unilaterally deviate from their chosen strategy
 - (iii) A situation where players reach an optimal outcome through negotiation
 - (iv) A situation where players engage in zero-sum games
- (h) Market failure occurs when :
- (i) Government intervention is absent in the market
 - (ii) Demand exceeds supply in the market
 - (iii) The market equilibrium is not Pareto efficient
 - (iv) Consumers are fully satisfied with the available goods and services
- (i) What is the 'dominant strategy' in game theory ?
- (i) A strategy that always leads to a higher payoff regardless of the strategies chosen by other players
 - (ii) A strategy that ensures cooperation among players

- (iii) A strategy that involves random decision making
 - (iv) A strategy that leads to a lower payoff but ensures fairness
- (j) What is a two-part tariff in economics ?
- (i) A pricing strategy with two different prices for the same product
 - (ii) A pricing strategy involving fixed and variable charges
 - (iii) A pricing strategy where the price changes twice a year
 - (iv) A pricing strategy where the price is determined by supply and demand

2. Answer **any five** of the following questions :
2×5=10

- (a) Mention *any two* features of Monopolistic competition.
- (b) Mention *any two* characteristics of Public Goods.
- (c) What is the Nash equilibrium?
- (d) What do you mean by Price Discrimination ?

- (e) What is an externality ?
- (f) What is a zero-sum game ?
- (g) What is Saddle Point in game theory ?

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

- (a) "A competitive firm is a price-taker and a monopoly firm is a price-maker." Explain.
- (b) Distinguish between positive and negative externalities.
- (c) Discuss the concept of Pareto optimality in the context of pure exchange equilibrium.
- (d) Explain the relationship among AR and MR and elasticity of demand.
- (e) Distinguish between static equilibrium and dynamic equilibrium.
- (f) What are the advantages of Product differentiation ?
- (g) Mention justifications of Price Discrimination.
- (h) What are the key characteristics of oligopoly market ?

- (i) Describe the Prisoner's Dilemma and its implications.
- (j) What are the basic characteristics of Monopoly market ?

4. Answer **any two** of the following questions :
10×2=20

- (a) How does a monopolist determine the profit-maximizing level of output and price ?
- (b) Analyze the long-run equilibrium of a firm working under monopolistic competition.
- (c) Discuss the following concepts :
 - (i) Pareto optimality in exchange
 - (ii) Pareto optimality in production
- (d) Define oligopoly. Discuss the key characteristics that distinguish it from other market structures such as perfect competition and monopoly.

5. Answer **any one** of the following questions :
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- (a) Explore the role of advertising and branding in monopolistic competition. How do firms utilize these strategies to differentiate their products and gain market power ?