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**ECONOMICS**

Paper : CC-8

**( Intermediate Microeconomics—II )**

*Full Marks : 80*

*Time : 3 hours*

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

1. Choose the correct answer from the following : 1×6=6
- (a) Monopolistic competition is a market situation in which the number of sellers is
- (i) large
  - (ii) small
  - (iii) two
  - (iv) one
- (b) For profitable price discrimination, the elasticity of demand in different markets must be
- (i) different
  - (ii) same
  - (iii) different or same
  - (iv) None of the above

- (c) The conditions of Pareto optimum can be fulfilled under
- (i) perfect competition
  - (ii) imperfect competition
  - (iii) both (i) and (ii)
  - (iv) Neither (i) nor (ii)
- (d) In an economy of two individuals (A and B) and two commodities (X and Y), general equilibrium of exchange is reached when
- (i)  $MRS_{XY}^A \neq MRS_{XY}^B \neq P_X / P_Y$
  - (ii)  $MRS_{XY}^A = MRS_{XY}^B \neq P_X / P_Y$
  - (iii)  $MRS_{XY}^A = MRS_{XY}^B = P_X / P_Y$
  - (iv)  $MRS_{XY}^A \neq MRS_{XY}^B = P_X / P_Y$
- (e) There is rivalry and exclusiveness in the use of
- (i) public good
  - (ii) private good
  - (iii) public bad
  - (iv) None of the above
- (f) Public goods are those goods for which consumption is
- (i) rival
  - (ii) regulated
  - (iii) non-rival
  - (iv) unregulated

2. Answer the following questions : 2×5=10

- (a) Distinguish between individual welfare and social welfare.
- (b) What is monopoly market?
- (c) Write the effect of product differentiation on demand for the product.
- (d) What is asymmetric information?
- (e) Mention the objectives of welfare economics.

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

- (a) What is market failure? Mention the sources of market failure.
- (b) Point out the features of monopolistic competitive market.
- (c) Explain the problem of free riding.
- (d) Write five assumptions of zero-sum game.

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- (e) Explain briefly the degrees of price discrimination.
- (f) Show that a general competitive equilibrium is also a Pareto optimal.
- (g) What is oligopoly? What are its main classifications?
- (h) State Pareto's criterion of social welfare and explain it using Edgeworth box diagram.
- (i) Discuss the concept of Nash equilibrium.

4. Answer any *two* of the following questions :

10×2=20

- (a) What is general equilibrium? Using Edgeworth box diagram, explain the general equilibrium of pure exchange economy.
- (b) Explain the short-run and long-run monopoly equilibrium.
- (c) Explain the case of negative externality. How can it be internalized? 5+5=10

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5. Answer any *one* of the following questions : 14

- (a) Explain the short-run and long-run equilibrium of a firm under monopolistic competition.
- (b) What is Pareto optimality? State and explain the conditions of Pareto optimality regarding—
  - (i) distribution of goods between individuals;
  - (ii) allocation of resources between firms.

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