

Gurudas College

Internal Examination-2020

BSc Economics (Honours)

Semester IV

Paper: CC-4-8

Intermediate Microeconomics II

Time: 1 hour 30 minutes

Group A

Answer any 5 questions.

All questions carry equal marks

1. What is the shape of market demand curve under monopoly?
2. When is price discrimination possible?
3. What are the equilibrium conditions of a multiplant monopolist?
4. What do you understand by proportional demand curve under monopolistic competition?
5. What is Nash equilibrium?
6. In case of kinked demand how does the marginal revenue curve look?
7. What is bilateral monopoly?
8. What do you understand by Pareto efficiency?
9. What is moral hazard?

Group B

Answer any 4 questions.

All questions carry equal marks

1. Why is there no supply curve under monopoly?
2. In which region of the demand curve does the monopolist produce? Explain your answer.
3. When does excess capacity exist in monopolistically competitive markets?
4. The market demand faced by an industry is given as $Q=150-P$. The marginal cost $=0$. Calculate the equilibrium values of price and output under monopoly, Cournot's duopoly and perfect competition.
5. In an economy clothing and food are produced with the help of labour and capital. Suppose that $w=r=4$ INR/hour. In clothing production MP_L^c/MP_K^c is supposed to be 2 and that in food production MP_L^f/MP_K^f is supposed to be $\frac{1}{2}$. Is the economy efficient in production? If not how should it reallocate its resources?