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Reg. No. :

Code No. : 20663 E Sub. Code : CM EC 21

B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2024.

Second Semester

Economics — Core

MICRO ECONOMICS — II

(For those who joined in July 2021 & 2022 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. When a firm's average revenue is equal to its average cost, it gets _____.
 - (a) Sub normal profit
 - (b) Normal profit
 - (c) Abnormal profit
 - (d) Super profit

2. The shape of an average fixed cost curve is:
 - (a) U shape
 - (b) L shape
 - (c) Saucer Shape
 - (d) Rectangular Hyperbola
3. Sellers in perfect competition are:
 - (a) Price maker
 - (b) Price taker
 - (c) Wealthy
 - (d) Poor
4. Which of the following statements is correct?
 - (a) Price discrimination is one of the main features of perfect competition
 - (b) Price discrimination is one of the main features of oligopoly
 - (c) Price discrimination is one of the main features of monopolistic competition
 - (d) Price discrimination is one of the main features of monopoly

5. According to Ricardian theory of rent, Rent is a
- (a) Economic Surplus
 - (b) Differential Surplus
 - (c) Payment for the use of buildings
 - (d) Payment for the use of land
6. Economic rent is earned by a factor when its
- (a) Supply is inelastic
 - (b) Supply is more than demand
 - (c) Supply is elastic
 - (d) Demand is more than supply
7. Subsistence theory of wages was used by
- (a) Karl Marx
 - (b) Robinson
 - (c) J. S. Mill
 - (d) David Ricardo
8. An increase in the wage rate:
- (a) Will usually lead to more people employed
 - (b) Will decrease total earnings of employees if the demand for labour is wage elastic
 - (c) Is illegal in a free market
 - (d) Will cause a shift in the demand for labour

9. Kight's principle of profit is based on
- (a) Insurable risk
 - (b) Uninsurable risk
 - (c) Due to uncertainty
 - (d) Both (b) and (c)
10. Whose name is associated with the "Uncertainty-bearing theory of profit"?
- (a) J. Schumpeter
 - (b) F.H. Knight
 - (c) J.B. Clark
 - (d) F.W. Watker

PART B — (5 × 5 = 25 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain concepts of Cost.
- Or
- (b) Describe the short run cost curve.
12. (a) State the equilibrium of firm and industry under Perfect Competition.
- Or
- (b) Show the features of monopolistic competition.

13. (a) Explain marginal productivity theory of Distribution.

Or

(b) State the meaning of scarcity rent.

14. (a) Explain the concept of real wage.

Or

(b) State the causes for difference in wages.

15. (a) Explain the uncertainty theory of profit.

Or

(b) Describe risk theory of profit.

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Discuss the concepts of revenue.

Or

(b) Explain the reason for 'U' Shaped cost curve.

17. (a) Elucidate the Price Determination under perfect competition.

Or

(b) Discuss the Price Determination under Monopoly.

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18. (a) Explain the Ricardian theory of Rent.

Or

(b) Examine the modern theory of Rent.

19. (a) Explain the residual claimant theory of wages.

Or

(b) Discuss the significance of subsistence theory of wages.

20. (a) Explain liquidity preference theory of interests.

Or

(b) Examine loanable fund theory.

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