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Reg. No. : .....

Code No. : 10328 E Sub. Code : EMEC 21/  
FCEC 21

B.A. (CBCS) DEGREE EXAMINATION,  
APRIL 2025.

Second Semester

Economics — Core

MICRO ECONOMICS – II

(For those who joined in July 2023 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. In a perfectly competitive market, firms are:
  - (a) Price makers
  - (b) Price takers
  - (c) Monopoly
  - (d) Oligopoly

2. In a perfectly competitive market, in the long run, firms will earn:
  - (a) Positive economic profits
  - (b) Zero economic profits
  - (c) Negative economic profits
  - (d) None of the above
3. A monopolist maximizes profit where:
  - (a) Marginal Revenue (MR) equals Marginal Cost (MC)
  - (b) Average Revenue (AR) equals Marginal Cost (MC)
  - (c) Total Revenue (TR) is at its maximum
  - (d) Average Total Cost (ATC) is at its minimum
4. Deadweight loss in a monopoly market occurs due to:
  - (a) Inefficient allocation of resources
  - (b) Higher prices charged by the monopolist
  - (c) Lower output produced by the monopolist
  - (d) All of the above

5. Excess capacity means \_\_\_\_\_.
- (a) Surplus capacity
  - (b) unutilised capacity
  - (c) Over utilisation of capacity
  - (d) All the above
6. A kinked demand curve implies that:
- (a) Firms are likely to change their prices frequently
  - (b) Firms are unlikely to change their prices frequently
  - (c) Firms are price leaders
  - (d) Firms are price takers
7. Price leadership is a market structure where:
- (a) The largest firm sets the price and other firms follow
  - (b) All firms collude to set the price
  - (c) The government sets the price
  - (d) Consumers determine the price
8. Value of Marginal Product (VMP) is the:
- (a) Additional revenue generated by hiring one more unit of labour
  - (b) Additional cost incurred by hiring one more unit of labour
  - (c) Total revenue generated by all units of labour
  - (d) Total cost incurred by all units of labour
9. Which economist is known for introducing the concept of the "invisible hand" in welfare economics?
- (a) Alfred Marshall
  - (b) John Stuart Mill
  - (c) Adam Smith
  - (d) Francis Edgeworth
10. Which of the following is a common cause of market failure?
- (a) Perfect competition
  - (b) Externalities
  - (c) Complete information
  - (d) Homogeneous products

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Highlight the Characteristics of perfect competition.

Or

- (b) Explain the efficiency of a perfectly competitive market.

12. (a) Distinguish between AR under perfect competition and A R under Monopoly.

Or

- (b) Illustrate AR and MR under imperfect market.

13. (a) Distinguish collusive and non-collusive Oligopoly.

Or

- (b) List out the features of Monopolistic Competition.

14. (a) Describe briefly on personal distribution and functional distribution.

Or

- (b) Explain the Modern theories of Rent.

15. (a) Interpret the welfare criterion according to Adam Smith.

Or

- (b) Asses the pareto criterion of social welfare.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Write an essay on market structure and pricing.

Or

- (b) Explain the price and output relationship under perfect market.

17. (a) Examine the price discrimination in case of dumping.

Or

- (b) Explain the equilibrium of a monopolist which practice perfect price discrimination.

18. (a) Discuss the concept on monopolistic competition and product differentiation.

Or

- (b) Explain short-run equilibrium of individual firm under monopolistic competition.
19. (a) Evaluate the Marginal productivity theory distribution.

Or

- (b) The concepts of VMP and MRP.
20. (a) Asses the Edge Worth Exchange Theory of Welfare Economics.

Or

- (b) Explain the concept of market failure and suggest suitable measures to solve it.
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