TDC (CBCS) Even Semester Exam., 2024

ECONOMICS

(4th Semester)

Course No. : ECOHCC-401T

(Intermediate Microeconomics—II)

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

UNIT—I

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

(a) Define partial equilibrium.

(b) What is contract curve?

(c) What is Pareto's efficiency in distribution?

2. Answer any *one* of the following questions : 10

(a) Define general equilibrium in an economy with perfect competition in product and factor market. Clearly state all the conditions for existence of such an equilibrium.

(b) What is social welfare function? How is Bergson-Samuelson social welfare function achieved? 2+8=10

UNIT—II

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

(a) Write two features of monopoly market.

(b) What do you mean by excess capacity under monopolistic competition?

(c) Differentiate between third-degree and second-degree price discrimination.

4. Answer any *one* of the following questions : 2×2=4

(a) Discuss the conditions under which price discrimination is possible. Explain that price discrimination is profitable when elasticities of demand in the two markets are different. 4+6=10

(b) Explain the conditions of equilibrium under monopolistic competition. Why is the demand curve under monopolistic competition flatter than monopoly market? 6+4=10

UNIT—III

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

(a) What does 'payoff' mean in game theory?

(b) What is Saddle point?

(c) Differentiate between zero-sum and non-zero sum game.

6. Answer any *one* of the following questions : 10

(a) The following is a normal form of game in which each firm has two strategies (Low Price, High Price) :

		Firm B	
		Low Price	*High Price*
Firm A	*Low Price*	(2, 2)	(4, –1)
	High Price	(–1, 4)	(6, 5)

(i) What is the dominant strategy of Firm *A* and Firm *B*?

(ii) Find the Nash equilibrium in pure strategy. 5+5=10

(b) Define zero-sum game. Explain the two-person zero-sum game with the help of payoff matrix.

UNIT—IV

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

(a) Distinguish between collusive oligopoly and non-collusive oligopoly.

(b) Differentiate between Cournot and Stackelberg model of oligopoly.

(c) Write two assumptions of Cournot model of duopoly.

8. Answer any *one* of the following questions : 10

(a) Define Bertrand paradox. Explain the concept of Bertrand equilibrium using reaction curves. 2+8=10

(b) Critically explain Cournot's model of duopoly.

UNIT—V

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

(a) Differentiate between public good and private good.

(b) What does market failure refer to?

(c) What is free-rider problem?

10. Answer any *one* of the following questions : 10

(a) Explain negative externalities in production and market failure. Add a note on Pigouvian solution of negative externalities. 5+5=10

(b) Explain the problem of market for lemons with solution.

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