

2014

(2nd Semester)

ECONOMICS

SECOND PAPER

(Microeconomics)

Full Marks : 75

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 50)

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

Answer all questions

1. Critically discuss the marginal productivity theory of wages. 10

Or

Explain the concept of—

(a) scarcity rent;

(b) quasi-rent.

5+5=10

2. Discuss various factors that determine the demand for factors by a firm. 10

(Or)

Explain firm's equilibrium in the factor market under perfect competition.

3. What is social welfare function? Explain Pareto's criteria of social welfare with diagrammatical illustrations. 2+8=10

(Or)

What is compensation principle? Discuss Kaldor-Hicks compensation principle. 2+8=10

4. Discuss the social cost-benefit method of projects evaluation. 10

(Or)

Write short notes on the following : 5+5=10

(a) Net present value

(b) Internal rate of return

5. Describe Heckscher-Ohlin theory of international trade. 10

(Or)

State and explain the absolute advantage theory of international trade.

2014

(2nd Semester)

ECONOMICS

SECOND PAPER

(Microeconomics)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer **all** questions

SECTION—A

(Marks : 10)

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. According to Prof. Knight, profit is the reward for

- (a) innovation ()
- (b) capital ()
- (c) foreseeable risks ()
- (d) uncertainty-bearing ()

2. The return to a factor of production which is fixed in supply in the short period is

- (a) scarcity rent ()
- (b) economic rent ()
- (c) quasi-rent ()
- (d) contractual rent ()

3. The market, where services of factors of production are bought and sold, refers to

- (a) product market ()
- (b) factor market ()
- (c) stock market ()
- (d) open market ()

4. A market system, where there is only one buyer, is known as

- (a) monopoly ()
- (b) monopolistic competition ()
- (c) oligopoly ()
- (d) monopsony ()

5. Welfare economics is generally accepted as

- (a) positive science ()
- (b) normative science ()
- (c) Both of the above ()
- (d) None of the above ()

6. Compensation criterion principle is associated with the name of

- (a) Kaldor-Hicks ()
- (b) Vilfredo Pareto ()
- (c) A. C. Pigou ()
- (d) Prof. Bergson ()

7. The period of time required to recover the cost of investment in a project from cash inflows is called

- (a) net present value ()
- (b) internal rate of return ()
- (c) annual rate of return ()
- (d) payback period ()

8. In an investment project, the lower the rate of interest

- (a) no significant change in the value of the project ()
- (b) the lower the present value of the project ()
- (c) the higher the present value of the project ()
- (d) None of the above ()

9. Trade between nations occurs due to

- (a) difference in monetary value ()
- (b) difference in resource endowment ()
- (c) difference in political status ()
- (d) difference in population ()

10. Adam Smith propounded the theory of

- (a) comparative cost ()
- (b) opportunity cost ()
- (c) absolute advantage in international trade ()
- (d) None of the above ()

(5)

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. Distinction between gross profit and net profit

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2. Tariffs

3x2=6

Write short notes on the following

1. Distinction between gross profit and net profit

(a) Gross profit is the difference between the selling price and the cost of goods sold.

(b) Net profit is the difference between the selling price and the total cost.

2. Trade liberalization

(a) Difference in exchange rates

(b) Difference in income tax rates

(c) Difference in interest rates

(d) Difference in population

3. Adam Smith's theory of value

(a) Comparative cost

(b) Opportunity cost

(c) Absolute advantage in international trade

(d) Home and foreign

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3. Value judgement *Distinction between risk and uncertainty*

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(8)

4. Distinction between risk and uncertainty

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5. Monopsony

II/ECO (iii)

2014

(Autumn Semester)

ECONOMICS

THEORY PAPER

(Intermediate Level)

Total marks: 75

Time: 3 hours

PART - B - (Oligopoly)

(Marks: 10)

Answer in the margin indicate your marks for the questions

Answer all questions

Draw and explain the marginal expenditure curve of a monopolist.

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