

7 MAY 2017

ECO/II/02

2017

(2nd Semester)

ECONOMICS

SECOND PAPER

(Microeconomics—II)

Full Marks : 75

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

Answer any **five** questions

UNIT—I

1. (a) What is economic rent? What are the factors responsible for the existence of economic rent? 4+6=10

Or

- (b) Discuss the classical theory of interest determination. What are its limitations? 6+4=10

G7/285a

(Turn Over)

Signature of the Candidate

Semester

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(2)

UNIT—II

2. (a) Explain firm's equilibrium in the factor market under perfect competition. 10

Or

(b) What is meant by optimum resource supply to the market? Explain the factor market equilibrium. 10

UNIT—III

3. (a) What is Kaldor-Hicks compensation criterion? Graphically illustrate the derivation of this principle. 8+2=10

Or

(b) Explain Pareto's criterion of social welfare with diagrammatical illustrations. 10

UNIT—IV

4. (a) Describe the criterion of net present value of investment. How is investment decision taken on the basis of this criterion? 8+2=10

Or

(b) Discuss any elements of social cost benefit analysis. 10

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(Continued)

(3)

UNIT—V

5. (a) Why do nations trade? Give your answer in the light of the theory of comparative advantage. 2+8=10

Or

(b) Discuss the main features of Heckscher-Ohlin theory of international trade. 10

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2017
(2nd Semester)

ECONOMICS

SECOND PAPER

(**Microeconomics—II**)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION—A

(Marks : 10)

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

1×10=10

1. A factor whose supply is fixed in the short-run has

(a) economic rent ()

(b) quasi-rent ()

(c) long-term rent ()

2. Collective bargaining is related to

- (a) profit ()
- (b) rent ()
- (c) wage ()

3. In a monopsony

- (a) there is only a sole buyer ()
- (b) there is only a sole purchaser ()
- (c) there are a number of buyers and purchasers ()

4. Factor market will be in equilibrium when

- (a) demand for factors is equal to supply of factors ()
- (b) demand for factors is less than its supply ()
- (c) supply of factors is less than for it ()

5. According to —, 'welfare is improved when the greatest good is for the greatest number'.

- (a) Adam Smith ()
- (b) Kaldor ()
- (c) Jeremy Bentham ()

6. According to Pareto optimality criterion, any change that makes at least one individual better-off and no one worse-off is

- (a) an improvement in social welfare ()
- (b) a decrease in social welfare ()
- (c) no change at all in social welfare ()

7. A planned or anticipated or intended investment is called

- (a) ex-post investment ()
- (b) ex-ante investment ()
- (c) net investment ()

8. If inflation occurs, investment will be

- (a) more profitable ()
- (b) less profitable ()
- (c) more difficult ()

9. An economy in which there is no economic transaction with the rest of the world is

- (a) mixed economy ()
- (b) open economy ()
- (c) closed economy ()

10. Heckscher-Ohlin theory is built on

- (a) factor price equalization ()
- (b) division of labour ()
- (c) difference in factor endowment ()

SECTION—B

(Marks : 15)

Write short notes on the following :

- 1. Transaction motive

3×5=15

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(6)

2. Variable factors

(7)

3. Welfare economics

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4. Payback periods

(9)

5. Factor endowment

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