

2019

(CBCS)

(2nd Semester)

ECONOMICS

SECOND PAPER

(Microeconomics—II)

Full Marks : 75

Time : 3 hours

(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. The marginal productivity theory of distribution is associated with

(a) Adam Smith ()

(b) Lionel Robbins ()

(c) J. B. Clark ()

2. The uncertainty-bearing theory of profit was propounded by

(a) F.H. Knight ()

(b) P. A. Samuelson ()

(c) Adam Smith ()

3. Factor market will be in equilibrium when
- (a) demand for factors is less than its supply ()
 - (b) demand for factors is equal to supply of factors ()
 - (c) supply of factors is less than for it ()
4. Demand for factor of production is
- (a) intermediate demand ()
 - (b) derived demand ()
 - (c) supplementary demand ()
5. Kaldor-Hicks compensation principle can be explained with the help of
- (a) utility possibility curve ()
 - (b) indifference curve ()
 - (c) equal product curve ()
6. Social welfare function is a function of
- (a) all the consumers excluding producers ()
 - (b) only sample of individuals in society ()
 - (c) all the individuals constituting the society ()
7. If the internal rate of return (IRR) is negative, then the investor
- (a) loses money ()
 - (b) gains money ()
 - (c) neither gains nor loses money ()
8. If the net present value (NPV) is more than one, then the project may be
- (a) accepted ()
 - (b) rejected ()
 - (c) accepted or rejected ()

9. Adam Smith propounded the theory of

- (a) comparative cost advantage ()
- (b) absolute cost advantage ()
- (c) opportunity cost ()

10. Import quota implies

- (a) a duty imposed by the government upon the goods traded ()
- (b) physical limitation of quantities of goods traded to other countries ()
- (c) physical limitation of quantities of goods traded from other countries ()

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. Collective bargaining

OR

Differential rent

2. Determinants of firm's demand for factor services

OR

Bilateral monopoly

3. Welfare economics

OR

Pareto optimality theorem

4. Cost-benefit analysis

OR

Net present value (NPV)

5. Tariff

OR

Opportunity cost

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

1. (a) Discuss the classical theory of interest. 10

OR

(b) Give a brief explanation of the innovation theory of profit.

2. (a) Explain the equilibrium of a monopsonist using one variable factor. 10

OR

(b) Explain how a firm attains equilibrium under factor market.

3. (a) Critically explain the Kaldor-Hicks compensation principle of social welfare. 10

OR

(b) Critically explain Bergson's Social Welfare Function.

4. (a) Define payback period. Explain how payback period helps in investment analysis. 3+7=10

OR

(b) Briefly discuss the elements of social cost-benefit analysis.

5. (a) State and explain the comparative cost advantage theory of international trade. 10

OR

(b) Explain the Heckscher-Ohlin theory of international trade.
