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(CBCS)

(2nd Semester)

ECONOMICS

SECOND PAPER

(Microeconomics—II)

Full Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

(SECTION : A—OBJECTIVE)

(Marks : 10)

Choose the correct answer from the options provided :

1×10=10

1. The 'iron law of wages' is
 - (a) the marginal productivity theory of wages
 - (b) the wage-fund theory
 - (c) the subsistence theory of wages
 - (d) wage differentials

2. "Profit is the reward for risk-taking in business." Who said this?
 - (a) F. H. Knight
 - (b) Joseph Schumpeter
 - (c) F. B. Hawley
 - (d) J. B. Clark

- 3.** The market, where services of factors of production are bought and sold, refers to
- (a) product market
 - (b) commodity market
 - (c) stock market
 - (d) factor market
- 4.** Demand for factor of production is
- (a) derived demand
 - (b) supplementary demand
 - (c) intermediate demand
 - (d) complementary demand
- 5.** Welfare economics is generally accepted as
- (a) positive science
 - (b) normative science
 - (c) static economics
 - (d) both positive science and normative science
- 6.** Kaldor-Hicks compensation principle can be explained with the help of
- (a) utility possibility curve
 - (b) indifference curve
 - (c) equal product curve
 - (d) Kuznets curve

- 7.** If interest rate rises, the present value of any future earnings is bound to
- (a) fall
 - (b) rise
 - (c) suffer from inflation
 - (d) increase in risk
- 8.** Air pollution can be termed as
- (a) social benefit
 - (b) social cost
 - (c) social security
 - (d) social welfare
- 9.** The comparative advantage theory of international trade was first formulated by
- (a) Adam Smith
 - (b) Bertil Ohlin
 - (c) David Ricardo
 - (d) P. A. Samuelson
- 10.** Who benefits from tariff protection?
- (a) Domestic consumers on the good produced
 - (b) Domestic producers of the good produced
 - (c) Foreign producers of the good produced
 - (d) Foreign consumers on the good produced

(SECTION : B—SHORT NOTE)

(Marks : 15)

Write short notes on the following :

3×5=15

UNIT—I

1. Quasi-rent

OR

2. Collective bargaining

UNIT—II

3. Bilateral monopoly

OR

4. Monopsony in factor market

UNIT—III

5. Value judgement

OR

6. Social welfare function

UNIT—IV

7. Net present value (NPV)

OR

8. Internal rate of return (IRR)

UNIT—V

9. Import quota

OR

10. Opportunity cost

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer the following questions :

10×5=50

UNIT—I

1. Discuss the marginal productivity theory of distribution.

OR

2. Critically explain the Keynesian theory of interest.

UNIT—II

3. What do you mean by the firm's demand for factor services? What are the factors affecting the firm's demand for factor services? 3+7=10

OR

4.. Explain, with the help of a diagram, how a factor market's equilibrium is attained.

UNIT—III

5. What is welfare economics? Discuss Pareto's criterion of social welfare.

3+7=10

OR

6. Critically discuss Kaldor-Hicks compensation principle.

UNIT—IV

7. Define payback period. Explain how payback period helps investment analysis. 3+7=10

OR

8. Discuss the elements of social-cost-benefit analysis.

UNIT—V

9. State and explain the absolute advantage theory of international trade.

OR

10. Briefly discuss the Heckscher-Ohlin theory of international trade. What are its assumptions and limitations?

5+5=10

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