Student's Copy

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(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. "Profit is the result of innovation." Who said this?

   (a) Alfred Marshall   (   )

   (b) Karl Marx   (   )

   (c) Joseph Schumpeter   (   )

2. Income derived from machines and other appliances made by man is called

   (a) opportunity cost   (   )

   (b) quasi-rent   (   )

   (c) real income   (   )

3. Firm's equilibrium in the factors market under perfect competition occurs when

(a) a firm in a perfect competitive factor market is a price maker   (   )

(b) marginal revenue productivity of labour is equal to marginal cost of labour   (   )

(c) marginal revenue productivity curve of labour cuts the marginal cost curve from below   (   )

4. Monopsony means

(a) a single buyer   (   )

(b) a single seller   (   )

(c) large number of buyer   (   )

5. Social welfare economics was first work out by

(a) Prof. Bergson   (   )

(b) A. C. Pigou   (   )

(c) Vilfredo Pareto   (   )

6. Welfare economics is generally accepted as

(a) positive economics   (   )

(b) normative economics   (   )

(c) static economics   (   )

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

(a) internal rate of return   (   )

(b) payback period   (   )

(c) net present value   (   )

8. If the Net Present Value (NPV) is zero, then the project is

(a) accepted   (   )

(b) rejected   (   )

(c) indifferent between accepting and rejecting   (   )

9. The comparative advantage theory of international trade is associated with

(a) Heckscher-Ohlin ( )

(b) Adam Smith ( )

(c) David Ricardo ( )

10. The basis of trade between countries lies in the

(a) difference in monetary standard ( )

(b) difference in political system ( )

(c) difference in factor endowment ( )

SECTION—B

(*Marks* : 15)

Write short notes on the following : 3×5=15

1. Quasi-rent

OR

Innovation

2. Meaning of factor market

OR

Conditions for factor market equilibrium

3. Value judgement

OR

Classical welfare economics

4. Payback period

OR

Net present value

5. Meaning of inter-regional trade

OR

Import quotas

(PART : B—DESCRIPTIVE)

(*Marks* : 50)

The figures in the margin indicate full marks for the questions

1. *(a)* Discuss the marginal productivity theory of distribution. 10

OR

(b) Critically explain the Keynesian theory of interest. 10

2. *(a)* What do you mean by the firm's demand for factor service? Write the factors affecting the firm's demand for factor service. 3+7=10

OR

(b) Explain, with the help of a diagram, how factor market attained its equilibrium. 2+8=10

3. *(a)* What is welfare economics? Describe Pareto's criterion of social welfare. 2+8=10

OR

(b) What is social welfare function? Discuss Kaldor-Hicks compensation principle. 2+8=10

4. *(a)* Discuss the internal rate of return (IRR) method of project evaluation. 10

OR

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

5. *(a)* What is inter-regional trade? Explain the absolute advantage theory of international trade. 2+8=10

OR

(b) Discuss the Heckscher-Ohlin theory of international trade by stating its assumptions and limitations. 10

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