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### For Objective Type Questions

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Objective  
Booklet A.....

- To be filled in by the  
candidate**

EXAMINATIONS 20.....

ROLL NO.

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SUBJECT

PAPER/COURSE NO. :

No. of addl. sheets (if any) :-

### For Descriptive Type Questions

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**Invigilator's Signature**

**(CBCS )**  
**(SECOND SEMESTER)**  
**ECONOMICS**  
**SECOND PAPER**  
**(Micro-economics-II)**  
**Full Marks: 50**  
**Time: 2 hours**

**Instructions:**

1. Questions should be attempted as per instructions.
2. Do not copy the Questions. Indicate the Questions No. clearly while attempting the answer.
3. Multiple choice answer should indicate the Question No., Sub. No., (if any) and the correct answer. For example-  
*1. Name the state capital of Mizoram.*  
*(a) Lunglei (b) Aizawl (c) Champhai*  
Candidate should provide answer as **Q. No. 1: (b) Aizawl** [Candidate should avoid writing only (b)]
4. The figures in the margin indicate full marks for the questions.
5. Separate answer script should be used.

**( PART: A- OBJECTIVE)**

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

## SECTION -A

**(Marks: 10)**

**I. Tick (✓) the correct answer in the brackets provided : 1x10=10**

1. Risk-bearing theory of profits was propounded by :-
  - a) Prof Taussing
  - b) JB say
  - c) Prof Knight
  - d) Prof Hawley
2. Marginal productivity theory was first propounded by :-
  - a) JM Keynes
  - b) JB Clark
  - c) Von-Thunen
  - d) WicksteedWalras

3. A market where there is only one buyer
- a) Monopoly                      b) Monopolistic competition
- c) Monopsony                      d) Bi-lateral monopoly
4. In order to maximize profits, a firm should produce at the output level for which
- (a) Average cost is minimised                      b) Marginal cost equals marginal revenue
- (c) marginal cost is minimised                      (d) All of the above
5. If  $NPV > 0$ , then the project is
- a) Rejected                      b) Accepted
- c) Accepted or rejected                      d) None of the above
6. The exact amount of time required for a firm to recover its initial investment in a project as calculated from cash inflows is known as
- a) Capital budgeting                      b) Payback period
- c) Internal Rate of Return                      d) Net Present Value
7. According to Kaldor-Hicks compensation criteria, the proposed change will increase the social welfare if
- a) The gains are equal to the losses                      b) The gains are greater than the losses
- c) The losses are greater than the gains                      d) None of the above
8. The concept of social optimum was introduced in Welfare Economics by
- a) Vilfredo Pareto                      b) A. C. Pigou
- c) Adam Smith                      d) A. Marshall
9. If the quantity of capital in Country A is more than the quantity of capital in country B, then using capital terms definition -
- a) Country B is rich in Capital                      b) Country B is rich in Labour
- c) Country A is rich in Capital                      d) Country A is rich in Labour
10. The first classical theory of International Trade is given by
- (a) Friedman                      (b) Keynes
- (c) Adam Smith                      (d) Heckscher-Ohlin

**Cont/-**

## SECTION – B

( Marks:10)

II. Write short notes on any two (2) of the following: (5x2= 10)

- |                              |    |                      |
|------------------------------|----|----------------------|
| 1. Gross Interest            | OR | Net Interest.        |
| 2. Supply of factor services | OR | Monopsony            |
| 3. Value Judgement           | OR | Pareto Optimality    |
| 4. Cost-benefit analysis     | OR | NPV                  |
| 5. International trade       | OR | Inter-regional trade |

### (PART : B – DESCRIPTIVE)

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

III. Answer any two (2) of the following questions: (15x2 = 30)

1. State and explain the Ricardian Theory of Rent.

**OR**

Critically explain the Innovation theory of profit.

2. Discuss the factors affecting the firms's demand for factor service.

**OR**

Explain the factor market equilibrium under imperfect competition.

3. Critically discuss the social welfare function of Bergson.

**OR**

Explain AC Pigou's theory of social welfare.

4. Explain the Internal Rate of Return methods of project evaluation.

**OR**

Briefly explain the net present value method of evaluating an investment projects.

5. Critically explain the Comparative advantage theory of international trade.

**OR**

Explain with diagram Price terms definition of factor abundance as given by Heckscher-Ohlin

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