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Registrion number:

ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU-27

BSc. ECONOMICS - II SEMESTER

SEMESTER EXAMINATION: APRIL 2022

(Examination conducted in July 2022)

**ECS 2118: Microeconomics – II (Supplementary)**

Time- 2 ½ hrs Max Marks-70

This question paper contains 2 printed pages and 3 parts

**Part A**

**Answer any 10 questions** 3 X 10 = 30

1. Explain the difference between monopoly and monopolistic competition with example.
2. What is the difference between a firm earning normal profit under perfect competition versus the firm under monopoly?
3. Discuss with examples the difference between second-degree and third-degree price discrimination for a monopoly firm.
4. What is the difference between partial and general equilibrium? Explain with an example.
5. What are the features of a perfectly competitive market?
6. Define production possibility curve.
7. What is the relation between price and marginal revenue (MR) in perfect competition and monopoly?
8. What do you mean by functional income distribution?
9. What is meant by marginal productivity theory of distribution?
10. Explain the meaning of stability in equilibrium.
11. Discuss Kaldor-Hicks compensation criterion in welfare economics.
12. What do you mean by positive and negative externalities? Explain with examples.

**Part B**

**Answer any 2 questions** 5 X 2 = 10

1. Explain the concept of excess capacity in the context of Chamberlin’s Model of monopolistic competition.
2. Discuss how factor prices will be determined if there is perfect competition in factor market but imperfect competition in product market.
3. Explain different sources of market failure and imperfections.

**Part C**

**Answer any 2 questions** 15 X 2 = 30

1. a. State Arrow’s impossibility theorem.
2. Describe three conditions that must be satisfied in order to attain a Pareto-efficient situation in the economy.

**(3+12) = 15**

1. Compare and contrast the equilibrium conditions under perfect competition and monopoly.
2. Consider an industry consisting of two firms, each of which has zero cost. The market dd function is: X = 120 – P,
3. Determine the competitive equilibrium level of industry output.
4. If each firm follows Cournot behaviour, determine the reaction functions of the firms and also determine the output, profit and industry output.
5. Determine the cartel output of the industry.

**(5+5+5) = 15**