

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BA DEGREE EXAMINATION MAY 2024
(Second Semester)

Branch - ECONOMICS

MICRO ECONOMICS- II

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Economic profit is equal to total revenue minus a) variable costs b) implicit costs c) explicit costs d) marginal costs.	K1	CO1
	2	If marginal costs equal average total costs a) average total costs are falling b) average total costs are rising. c) average total costs are maximized d) average total costs are minimized.	K2	CO1
2	3	Which of the following statements is true about a monopolist? a) A monopolist is a price taker b) A monopolist is a price maker c) A monopolist is a price acceptor d) A monopolist is a price taker	K1	CO2
	4	Which of the following markets have the fewest number of firms? a) Monopoly b) Perfect competition c) Oligopoly d) Monopolistic competition	K2	CO2
3	5	Which one of the following characteristics of monopolistic competition is true? a) It has a relatively large number of sellers in the market b) It involves a product differentiation c) The products manufactured under monopolistic competition are homogeneous in nature d) It allows ease of entry into the market	K1	CO3
	6	A situation in which oligopolists interacting with one another each choose their best strategy given the strategies that all the other oligopolists have chosen is known as a a) Nash equilibrium. b) dominant strategy. c) cartel. d) collusion solution	K2	CO3
4	7	If marginal product of labour rises because of new technology a) Wages will rise b) Wages will fall c) Wages will be unaffected d) May rise or fall	K1	CO4
	8	Diminishing marginal returns are most compatible with: a) Economies of scale b) Advantages from specialization c) Positively-sloped marginal cost curves d) Depreciation of the capital stock	K2	CO4

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5	9	What does liquidity refer to? a) the relation between the price and interest rate of an asset b) the risk of an asset relative to its selling price c) the ease with which an asset is converted into a medium of exchange d) the sensitivity of investment spending to changes in the interest rate	K1	CO5
	10	The concept of Quasi a) The rent to the workers b) The rent shared by the Landlord and workers c) The interest paid to the entrepreneur d) The return to a factor of production which is fixed in supply in the short period	K2	CO5

SECTION - B (35 Marks)Answer **ALL** questions**ALL** questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Explain the concept of Opportunity cost.	K2	CO1
		(OR)		
	11.b.	Describe the relationship between MC and AC.		
2	12.a.	Point out the features of perfect competition.	K3	CO2
		(OR)		
	12.b.	Show the concept of Bilateral monopoly.		
3	13.a.	Analyse the features of Monopolistic competition	K4	CO3
		(OR)		
	13.b.	Why a kink may exist in an oligopolist's demand curve?		
4	14.a.	State the Assumptions of the Marginal productivity Theory	K5	CO4
		(OR)		
	14.b.	Outline the Features of Modern theory of rent.		
5	15.a.	Narrate the classical theory of interest.	K3	CO5
		(OR)		
	15.b.	Bring out the Schumpeter innovation theory of interest.		

SECTION - C (30 Marks)Answer **ANY THREE** questions**ALL** questions carry **EQUAL** Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Analyse the loanable fund theory of interest.	K4	CO1
2	17	Discuss the optimum theory of population.	K5	CO2
3	18	Examine the characteristics of Oligopoly.	K6	CO3
4	19	How a Profit-Maximizing Monopoly Chooses Output and Price?	K3	CO4
5	20	Elucidate the Economies and Diseconomies of Scale.	K5	CO5