

Mathabhanga College
Internal Assessment Test-2023
B.A.Honours 3rd Semester
Subject-Economics (Honours)
Paper Name-Microeconomics-II
Paper code-CC5

Time allotted-1 hour

Full marks-20

The figures in the margin indicate full marks

Section -1

1. Answer any five from the following questions.

1x5=5

- a) Mention one distinction between short run and long run equilibrium of a firm under perfect competition.
- b) What is Lerner index of monopoly power?
- c) What do you mean by second degree of price discrimination?
- d) What is meant by quasi rent?
- e) What is marginal revenue product?
- f) What is VMP?
- g) What is cartel?
- h) What do you mean by monopsony ?
- i) What is mark up pricing?

Section-II

2. Answer any one from the following questions.

5x1=5

- a) State the conditions of Pareto optimality.
- b) Show that discriminating monopolist will charge higher price in lower elastic market.
- c) 'There is no supply curve under monopoly?'---Is the statement true? Justify

Section-III

Answer any one from the following questions.

10x1=10

3. Discuss Cournot model of duopoly market with the help of reaction curve approach.
4. Explain with a suitable diagram how monopolist sets price in two different markets. When price discrimination is profitable?
5. Discuss the concept of economic rent. Show that economic rent of a factor varies inversely with its supply elasticity.