SUBJECT CODE: 19EC/MC/ME24

B.A. DEGREE EXAMINATION, MAY 2021
BRANCH IV – ECONOMICS
END SEMESTER EXAMINATION

COURSE: MAJOR CORE   **MAX. MARKS: 50**
PAPER: MICROECONOMICS – II
TIME: 1 ½ HOURS

SECTION – A   **(5 x 2 = 10)**

ANSWER ANY FIVE OUT OF SIX QUESTIONS. (50 WORDS EACH)
1. Write down the features of monopolistic competition.
2. Define NASH hypothesis.
3. What are the factors of production and write down the prices paid for it.
4. Explain Quasi rent.
5. State the motives for liquidity preference according to Keynes?
6. Distinguish between positive and negative externalities.

SECTION – B
ANSWER ANY TWO OUT OF THREE QUESTIONS IN 400 WORDS   (2 x 10 = 20)

7. What is meant by excess capacity? Explain the causes for excess capacity in monopolistic competition?
8. Explain how equilibrium is determined in Cournot's duopoly model.
9. How are factor prices determined under perfect competition?

SECTION – C

ANSWER ANY ONE OUT OF TWO QUESTIONS IN 1000 WORDS   (1 x 20 =20)

10. Explain Ricardian theory of rent drawing a distinction between scarcity rent and differential rent.
11. Show that a general competitive equilibrium is also Pareto optimal.

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