

QUESTION BANK

Department of Economics

Semester – III, CC – VIII

MICRO ECONOMICS

Answer in one sentence or Fill in the blanks

1 × 12 = 12

1. What do you mean by pure competition?
2. How is short run supply curve of a competitive firm derived?
3. What do you mean by economic rent?
4. What is Edgeworth-Bowley Box?
5. What does Pareto efficiency imply?
6. Write two conditions of equilibrium under perfect competition.
7. What is monopoly?
8. What is dumping?
9. What is excess capacity under monopolistic competition?
10. What is Oligopoly?
11. What is Nash Equilibrium?
12. What is Cournot equilibrium?
13. _____ propounded the concept of monopolistic competition.
14. _____ market is characterized by differentiated products.
15. In _____ period, the supply curve will not be always upward sloping.
16. Under perfect competition a firm is in equilibrium when _____.
17. All firms earn maximum profit during _____ period.
18. LMC is long-run supply curve (True/False).
19. The concept of general equilibrium was firstly propounded by _____.
20. Dead weight loss is possible under _____ market.
21. _____ is the condition for monopoly equilibrium.
22. The outcome of a gain in form of gain/loss is known as _____.
23. In Nash equilibrium, none of participants can improve their pay-off (True/False).
24. Labour supply curve is _____ sloping.
25. What is the shape of a supply curve in case of inverse supply function?
26. The shape of a LAC curve is _____.
27. What is the meaning of zero profits by a firm?
28. Favourable market environment are always profitable (True/False).

29. If all firms in a perfectly competitive industry have U-shaped cost curve, can the supply curve of the industry be a horizontal straight line (Yes/No).
30. What is the shape of long-run supply curve in the constant cost industry under perfect competition?
31. In case of discriminating monopoly, a seller sales his product in a single price (Yes/No).
32. Under monopolistic competition price is greater than marginal cost (Correct/Incorrect).
33. The number of buyers in a monopoly market is _____.
34. In an oligopoly market, the number of sellers of a product is unlimited (True/False).
35. Cournot's model of oligopoly gives emphasis on homogeneous products (True/False).

Answer in two or three sentences only

2 × 8 = 16

1. What is inverse supply function?
2. Define producer's surplus.
3. What is the significance of Edgeworth Box?
4. How is LAC curve derived?
5. How is the industry supply curve derived?
6. What is the significance of a demarker under monopoly?
7. Write down the conditions of profit maximization.
8. What is discriminating monopoly?
9. What is meant by a 'Pay-off Matrix'?
10. What is a price leadership model?
11. What is quantity leadership model?
12. Define Cartel?
13. Define monopolistic competition.
14. What is the shape of a long-run supply curve of a firm?
15. Write down any two conditions of Pareto optimality.
16. What is second degree P.D.?
17. What is mixed strategies?
18. What is economic rent?
19. What do you mean by zero profit?
20. Write down the situation of normal profit of a competitive firm?
21. What is partial equilibrium?
22. Define contract curve.
23. Define zero sum game.
24. Define pay-off matrix.
25. State two factors that cause wage variation.

Q 3. Write notes of the followings within 80 words each.

3 × 8 = 24

1. Write short notes on Inverse Supply Function.
2. Explain long-run supply curve.
3. What is Edgeworth Box?
4. Write down Parito efficiency.
5. Discuss types of P.D.
6. Discuss excess capacity under monopolistic competition.
7. Write down main features of monopoly.
8. Explain indeterminateness of demand curve under oligopoly.
9. What is Nash equilibrium?
10. What is prisoner's dilemma?
11. What is perfectly competitive market?
12. Define producer's surplus.
13. What is the significance of Edgeworth Box?
14. How is supply curve of a firm derived under perfect competition?
15. What is the significance of demand curve under monopoly?
16. What is welfare in economics?
17. What is production possibility curve?
18. Write three characteristics of monopoly market.
19. Define selling cost.
20. Explain supply decisions of a competitive firm.
21. Explain opportunity cost.
22. State the conditions of equilibrium of a long run competitive firm.
23. How is long run supply curve of a firm derived?
24. What is break-even point?
25. What do you mean by Entry Deterrance?

Q.4 – Answer the following within 500 words each

7 × 4 = 28

1. Explain why LAC is U-shaped?
2. Explain how an industry attains equilibrium in long run perfect competition?
3. Explain fundamental theorems of welfare economics.
4. Discuss how Parito optimality can be achieved?
5. Explain the determination of equilibrium of a competitive firm and group under monopolistic competition.
6. What do you mean by P.D. ? When P.D. is profitable?
7. Explain the determination of Nash equilibrium using a 'Pay-off Matrix'.
8. What is oligopoly? Why is price indeterminate under oligopoly?
9. Explain the conditions of Parito optimality for efficient allocation of resources.

10. Explain Chamberlin's view on monopolistic competition under selling cost variation.
11. What is P.D.? How is it possible and profitable?
12. Critically examine Cournot solution of quantity competition under oligopoly.
13. Write short notes on the following-
 - i) Price leadership
 - ii) Cartel under oligopoly
14. Explain main characteristics of perfect competition. How are price and output determined in short-run?
15. What is welfare economics? State its implications.
16. 'There is no unique supply curve for a monopoly firm'-why?
17. What is dumping? Explain equilibrium price and output determination under dumping.
18. "An oligopolist often suffers a prisoner's dilemma".-Explain with illustration.
19. Derive supply curve under competitive market in the long-run.
20. Determine price and output under oligopoly price model.