### 2023/TDC (CBCS)/EVEN/SEM/ ECOHCC-401T/156

# TDC (CBCS) Even Semester Exam., 2023

#### **ECONOMICS**

#### (Honours)

#### (4th Semester)

Course No. : ECOHCC-401T

## ( Intermediate Microeconomics—II )

Full Marks : 70 Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

SECTION-A

Answer any ten of the following questions :  $2 \times 10 = 20$ 

- 1. State the Walras' law with an example.
- 2. Distinguish between partial equilibrium and general equilibrium analyses.
- Are economic efficiency and Pareto optimality same? Give reasons.

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## (2)

- 4. Mention various sources of monopoly power in the market.
- 5. What are the characteristics of monopolistic competition?
- 6. Write the situations in which price discrimination is profitable.
- 7. What is meant by two-person zero-sum game?
- 8. Define pay-off matrix.
- **9.** Distinguish between the pure strategy and mixed strategy.
- **10.** Write the assumptions of Cournot duopoly model.
- 11. What does the leader firm do in Stackelberg model? Can the leader firm earn more profit than his follower?
- 12. State the Bertrand model.
- **13.** Write the two important sources of market failure.

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<sup>A</sup> Define the concept of public good. Give one example.

What do you mean by internalization of externalities?

#### SECTION—B

 $_{\text{answer}}$  any five of the following questions : 10×5=50

- 16. Describe the construction of Edgeworth box diagram. Show how general equilibrium is attained in production with the help of an Edgeworth box. 5+5=10
- 17. Describe general equilibrium in the context of product mix economy with perfect competition in product and factor market.
- 18. Explain how a monopolist determines his price and output in the long run. How is the long-run equilibrium under monopolistic competition different from that of monopoly? 6+4=10
- 19. What do you mean by the term 'excess capacity'? Explain Chamberlin's theory of group equilibrium in monopolistic competition. 3+7=10

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**20.** The pay-off matrix for a two-person zero-sum game is given below :

		Player B					
		Ι	П	III	IV	V	
	Ι	-2	0	0	5	3	
Player A	П	3	2	1	2	2	
	Ш	-4	-3	0	-2	6	
	IV	5	3	-4	2	-6	

- (a) Find the optimal strategy for Player A.
- (b) Find the optimal strategy for Player B.
- (c) Find the value of the same.
- (d) Find the saddle point.
- (e) Is the game fair? 2+2+2+2=2
- **21.** (a) What do you understand by optimal strategies?
  - (b) What are the optimal strategies for person A and person B in the Prisoner's dilemma?

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(c) Solve the game for which the pay-off matrix is given by

ſ			Player I	3
		B	<b>B</b> <sub>2</sub>	B <sub>2</sub>
	Ą	2	4	3
Player A	A <sub>2</sub>	1	-2	-3
	<b>A</b> <sub>3</sub>	0	6	1

- 2. (a) Explain the differences between the Bertrand model and the Stackelberg model of oligopoly.
  - (b) Diagrammatically explain the Stackelberg model and show where the equilibrium occurs in this model. 3+7=10
- 23. (a) Discuss the Cournot model of oligopoly.
  - (b) Show using reaction functions that the Cournot equilibrium is a stable one.

6+4=10

- 24. Explain the Coase theorem of property rights. What are the criticisms levelled against the application of Coase theorem? 6+4=10
- 25. What is externality? Explain the case of government intervention in solving the problem of externality. 2+8=10

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