UNIVERSITY OF NORTH BENGAL
B.A./B.Sc. Honours 3rd Semester Examination, 2023

CC5-ECONOMICS (305)

INTERMEDIATE MICROECONOMICS

Time Allotted: 2 Hours   Full Marks: 60

The figures in the margin indicate full marks.

GROUP-A

1. Answer any *four* questions: 3×4 = 12

   (a) Distinguish between pure competition and perfect competition.

   (b) Prove $MR = P\left(1 - \dfrac{1}{e}\right)$ where MR = Marginal revenue, P = Average revenue, e = Elasticity.

   (c) What is the role of selling cost in monopolistic competition?

   (d) Distinguish between collusive and non-collusive oligopoly.

   (e) What is a social indifference curve?

   (f) What is "break-even" point?

GROUP-B

Answer any *four* questions   6×4 = 24

2. With the help of an example explain the nature of long-run industry supply curve under conditions of decreasing cost in a perfectly competitive market structure.

3. A firm faces the following average revenue (demand) curve $P = 100 - 0.01Q$ where Q is production and P is price, measured in Rupees per unit. The firm's cost function is given by $C = 50Q + 30,000$. Assuming that firm maximises profits, what are the firm's profit maximising output and price?

4. Why is there so market supply curve under condition of monopoly? Explain.

5. Explain the Cournot model of oligopoly.

6. Explain the profit maximization model of a single plant monopolist.

7. In a 2-commodity, 2-consumer model, derive the conditions for Pareto efficiency.

GROUP-C

Answer any *two* questions   12×2 = 24

8. (a) Compare perfectly competitive market structure with monopoly.   6+6

   (b) Can a firm under perfect competition continue with its production even if it is incurring losses in the short-run? Explain.

9. (a) What is price discrimination?   2+4+6

   (b) When is it possible and profitable?

   (c) How does a price discriminating monopolist distribute the total output between two markets?

10. (a) What are the basic assumptions of the Stackelberg model of oligopoly?   5+5+2

    (b) Explain the Stackelberg equilibrium.

    (c) How does it differ from the Cournot model?

11.   Write notes on: (a) social welfare function and (b) Grand utility possibility frontier and discuss their role in maximisation of social welfare.   3+3+6

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