

END TERM EXAMINATION

THIRD SEMESTER [B.COM] DECEMBER 2014

Paper Code: B.COM205

Subject: Micro Economics II

Time : 3 Hours

Maximum Marks :75

Note: Attempt any five questions.

- Q1 Write Short notes on any five of the following:- (5x3=15)
- ~~(a)~~ Producer surplus
 - ~~(b)~~ Peak load pricing
 - ~~(c)~~ Cartels
 - (d) Duopoly
 - ~~(e)~~ Role of Trade Unions in wage determination
 - ~~(f)~~ Monopolistic Competition
 - (g) Economic profits
- ~~Q2~~ Explain the various features of a perfectly competitive market. How is price of a commodity determined under it? (15)
- Q3 How are price and output determined under Monopoly? Show that under monopoly price is higher and output smaller than under perfect competition. (15)
- Q4 How is monopoly power measured? State Lerner's measure of degree of monopoly power. Show that degree of monopoly power is inverse of the price elasticity of demand. (15)
- ~~Q5~~ What is product differentiation? What role does it play in the determination of price and output under monopolistic competition? (15)
- ~~Q6~~ Explain Sweezy's kinked demand curve model of oligopoly. How does it explain price rigidity under oligopoly? (15)
- ~~Q7~~ What is prisoner's dilemma? How does it help to explain the likelihood of firms opting for sub-optimal solution in oligopoly? (15)
- Q8 Explain the determination of factor rewards in perfect input markets under perfect and imperfect commodity markets. (15)