2019

B.Sc.

4th Semester Examination

ECONOMICS (Honours)

Paper - C8T

(Intermediate Microeconomics -II)

Full Marks : 60   Time : 3 Hours

The figures in the margin indicate full marks.
Candidates are required to give their answers
in their own words as far as practicable.

Group - A

1. Answer any *ten* questions :   10×2

   (a) Define consumption optimality.

   (b) What is Coase Theorem ?

   (c) What is a tree diagram in a game theory ?

   (d) What do you mean by backward induction in game theory ?

[Turn Over]

(e) Define monopsony.

(f) What is market failure ?

(g) Define Social Indifference Curve (SIC).

(h) Define contract curve.

(i) What do you mean by property rights ?

(j) What is bliss point ? When is it attained ?

(k) What is meant by 'Tragedy of Commons' ?

(l) What do you mean by 'asymmetric information' ? Give an example.

(m) What is 'Lerner's Index' of monopoly power ?

(n) What happens to duopoly markets, if conjectural variation (i) becomes zero and (ii) becomes positive.

(o) Define 'Saddle Point' as used in Game Theory with an example.

Group - B

Answer any *four* questions :   4×5

2. Define Production Possibility Frontier (PPF). What are the basic characteristics of PPF ?   2+3

3. Define a public good. Explain its basic characteristics.

2+3

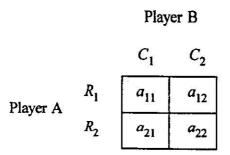4. Define 'product differentiation' and explain its significance in monopolistic competition.   5

5. Explain why price competition is rare in oligopoly. 5

6. How do you analyse 'Stackelberg Disequilibrium' in a duopoly model of market ? Explain.   5

7. Define 'Social Welfare Function'. Explain with diagram the Pareto Criterion of such social welfare.

2+3

Group - B

Answer any *two* questions : 2×10

8. Explain how a collusive oligopoly determines price and output level for participating firms.   10

9. What do you mean by bilateral monopoly in labour market ? Explain how the equilibrium wage rate is determined in such a market.   4+6

10. What is 'Prisoner's Dilemma' ? Justify the statement that duopolistic firms often find themselves in that dilemma.   6+4

[Turn Over]

11. (i) Distinguish between pure and mixed strategies in a game.   2+8

(ii) Consider a game whose pay-off matrix is given by,

Player B

		C_1	C_2
	R_1	a_{11}	a_{12}
Player A	R_2	a_{21}	a_{22}

There is no suddle point. Apply mixed strategy to find the expected value of the game.

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