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Register Number:

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.Sc. – II SEMESTER**

**SEMESTER EXAMINATION – APRIL 2018**

**ECS 215 (EMS) – Microeconomics**

**Time: 2 hrs 30 minutes Maximum marks: 70**

**This question paper has 2 printed pages and 3 parts**

**Part A: Answer any TEN of the following 3x10=30**

1. Distinguish between general and partial equilibrium analysis.
2. State the key assumptions of perfect competition.
3. What is kinked demand curve in oligopoly?
4. Consider a demand curve Q = a –bP. Derive marginal revenue curve and comment on its slope.
5. What is ‘economic rent’? Give an example.
6. Differentiate pure public goods from pure private goods.
7. What is ‘natural monopoly’?
8. Mention three important functions of labour trade unions.
9. What are the different types of imperfect markets?
10. Distinguish between ‘industry’ and ‘product group’ in monopolistic competition.
11. Comment on the usefulness of Edgeworth box diagram
12. What are the Pareto efficiency conditions?

**Part B: Answer any TWO of the following 5X2=10**

1. Consider the marginal cost (MC) curve of a multi-plant monopolist.

MC1 = 4Q and MC2 = 2Q. Suppose the monopolist wishes to produce 100 units.

1. Will it choose to split the production equally between both plants? Justify your answer.
2. For a marginal cost of Rs. 200/-, how many units Plant-1 and Plant-II will produce respectively?
3. What is meant by excess capacity? Explain the concept of excess capacity in the context of monopolistic competition.
4. Supply curve in a perfectly competitive market is the upward rising portion of marginal cost (MC) curve over and above the minimum point of average variable cost (AVC curve). Discuss your answer with a suitable diagram.

**Part C: Answer anyTWO of the following 15X2=30**

1. What is ‘monopsonistic’ exploitation in the labour market? Explain how ‘monoposonistic’ exploitation occurs with the help of suitable diagrams.
2. Explain using suitable diagrams the three different types of equilibrium under ‘monopolistic’ competition.
3. Let the inverse demand function and the cost function be given by P = 50 − 2Q and C = 10 + 2q respectively, where Q is total industry output and q is the firm’s output. Consider the case of Cournot duopoly. Let q1 be the output of firm 1 and q2 the output of firm 2 and Q = q1 + q2.
4. Write down the profit function of firm 1 and firm 2 respectively.
5. Derive the equilibrium output of firm 1, firm 2 and industry output
6. What will be the equilibrium price that maximizes profits?
7. Derive the profit of firm 1 and firm 2. (3 + 6 + 3 +3 = 15 Marks)