

Sem5 TYBA Economics Nov 2022

Time : 3 Hours

Total Marks: 100

- Instructions:** 1. All the questions are compulsory.  
2. Figures to the right indicate full mark.  
3. Draw neat diagrams wherever necessary.

- Q.1 Answer any Two of the following. 20
- a) Discuss the Pareto optimality criterion of social welfare under perfect competition.
  - b) Explain Pareto optimality marginal condition of efficiency in exchange.
  - c) Describe Arrow's impossibility theorem.
- Q.2 Answer any Two of the following. 20
- a) Discuss different methods of measurement of monopoly power.
  - b) What is the price discrimination? State various degrees of price discrimination.
  - c) Discuss the concept of product differentiation in monopolistic competition.
- Q.3 Answer any Two of the following. 20
- a) Explain the meaning and features of the oligopoly market.
  - b) What is price leadership? Discuss the low-cost firm price leadership model.
  - c) Describe the 'Prisoner's Dilemma' strategy in game theory.
- Q.4 Answer any Two of the following. 20
- a) What is the economics of search? Explain the importance of economics of Search.
  - b) Discuss the problem of moral hazard with a diagram.
  - c) State what adverse selection is and suggest measures to reduce adverse selection.
- Q.5 Write notes (Any Two). 20
- a) Assumption of Walrasian general equilibrium theory.
  - b) Concept and features of the monopoly market.
  - c) Kinked demand curve model
  - d) Lemons market
- OR**
- Q.5 Choose the correct alternatives of the following. 20
1. A situation in which it is impossible to make any individual better-off without making someone worse-off is said to be -----
- a) Pareto-optimality
  - b) Utility
  - c) Demand
  - d) Social welfare

2. \_\_\_\_\_ provides a set of efficient points.
  - a) The demand curve
  - b) The supply curve
  - c) The contract curve
  - d) Phillips curve
3. \_\_\_\_\_ introduced the theory of general equilibrium in 1874.
  - a) Alfred Weber
  - b) Alfred Marshall
  - c) Leon Walras
  - d) Joseph Schumpeter
4. General equilibrium theory assumes \_\_\_\_\_.
  - a) Perfect competition
  - b) Monopoly
  - c) Imperfect competition
  - d) Oligopoly
5. Distribution of goods will be possible only if the \_\_\_\_\_ between two consumers is the same.
  - a) Marginal rate of substitution
  - b) Marginal rate of technical substitution
  - c) Minimum income substitution
  - d) Minimum expenditure substitution
6. Price discrimination refers to charging different prices for \_\_\_\_\_.
  - a) Different commodities
  - b) Same buyers at different times
  - c) Same commodity to different buyers
  - d) Different commodities to different buyers.
7. A monopolistically competitive firm usually produces \_\_\_\_\_ output.
  - a) Optimum
  - b) More than optimum
  - c) Less than optimum
  - d) Maximum
8. Under dumping a monopolist's demand curve in the domestic market is \_\_\_\_\_.
  - a) More elastic
  - b) Less elastic
  - c) Horizontal
  - d) Vertical
9. Price discrimination is not possible when \_\_\_\_\_.
  - a) A commodity is non-transferable.
  - b) A commodity is transferable.
  - c) Customers can not meet each other.
  - d) Customers are ignorant about price differentials.
10. Product sold in monopolistic competition is \_\_\_\_\_.
  - a) Homogeneous
  - b) Differentiated
  - c) Inferior
  - d) Expensive

11. \_\_\_\_\_ is known as the oldest model in the oligopoly.
- Cournot's model
  - Bertrand model
  - Chamberlin model
  - Edgeworth model
12. According to the kinked demand curve model, rival firm is follow the \_\_\_\_\_
- Price promotion
  - Price reduction
  - Production growth
  - Production reduction
13. Price leadership is a form of \_\_\_\_\_
- Tacit collusion
  - Open collusion
  - Cartel
  - Illegal collusion
14. \_\_\_\_\_ refers to a situation where one player has a superior strategy regardless of how the other players act.
- Maximin strategy
  - Dominant strategy
  - Nash equilibrium
  - Game tree
15. Tracking the final equilibrium in the absence of a dominant strategy is called as \_\_\_\_\_
- Nash equilibrium
  - Firm equilibrium
  - Industry equilibrium
  - Prisoners dilemma
16. Which of the following factor is important in search cost?
- Daily expenses
  - Time and money
  - Research
  - Utility
17. The problem of adverse selection is caused by \_\_\_\_\_ information
- Parallel
  - Asymmetric
  - Equal
  - Specific
18. A consumer search process can be used to find the minimum price until \_\_\_\_\_ are equal.
- Average cost and marginal benefit
  - Average cost and marginal cost
  - Average cost and marginal revenue
  - Marginal revenue and marginal cost
19. Insuring a person in good health is \_\_\_\_\_
- More beneficial
  - Less profitable
  - Not very profitable
  - Expensive



- 20 A warranty is a way of -----
- a) Eliminating moral hazard
  - b) Competing against one's self
  - c) Signaling that a firm's product is of high quality
  - d) Signaling that a firm's product is of low quality