

[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 5048

Your Roll No.....

Unique Paper Code : 248201

Name of the Paper : Microeconomics Economics – II

Name of the Course : B.A. (H) Business Economics

Semester : II (2016)

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt five questions in all.
3. Questions No. 1 is compulsory.

1. Write short note on the following : (5+5+5)
 - (a) Inter-temporal price discrimination
 - (b) Prisoners' dilemma
 - (c) Moral Hazard
2. Expression $(P-MC)/P$ is the percentage mark-up of price over marginal cost. For a profit maximizing monopolist, how does this mark-up depend on the elasticity of demand? Why can this mark-up be viewed as a measure of monopoly power? (10+5)
3. (a) Explain how the price leader determines a profit-maximizing price in case of oligopoly.
(b) What is a dominant strategy? Why is an equilibrium stable in dominant strategies? Give an example using a payoff matrix. (7+8)

P.T.O.

4. (a) The demand for a factor when several variable factors are used is its MRP_L curve. Do you agree ?
- (b) How do trade unions influence wages and employment when labor market is monopolistic in nature ?
- (c) Explain Quasi Rent using diagrams. (5+5+5)
5. (a) Explain the general equilibrium of production and exchange.
- (b) How is voting paradox related to the Arrow's Impossibility Theorem ? (7+8)
6. (a) Describe some inefficiencies that can occur when resources are common property rather than privately owned ? Use diagrams.
- (b) Can adverse selection lead to market failure ? Explain using diagrams. (8+7)