

2025

( CBCS )

( 2nd Semester )

**ECONOMICS**

SECOND PAPER

**( Microeconomics—II )***Full Marks : 75**Time : 3 hours**The figures in the margin indicate full marks for the questions***( SECTION : A—OBJECTIVE )***( Marks : 10 )*

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. According to marginal productivity theory of wages, wages are

(a) less than the marginal productivity of labour ( )

(b) equal to the marginal productivity of labour ( )

(c) equal to the average productivity of labour ( )

(d) None of the above ( )

2. The return to a factor of production which is fixed in supply in the short period is called

(a) scarcity rent ( ) (b) economic rent ( )

(c) quasi-rent ( ) (d) contractual rent ( )

3. The market where services of factors of production are bought and sold refers to

(a) factor market ( )

(b) product market ( )

(c) stock market ( )

(d) open market ( )

4. Factor market will be in equilibrium when
- (a) supply of factor is less than demand for it ( )
  - (b) demand for factor is less than its supply ( )
  - (c) demand for factor is equal to its supply ( )
  - (d) supply of factor is more than demand for it ( )
5. An ethical or value judgement must be made in order to derive
- (a) transformation curve ( )
  - (b) grand utility possibility curve ( )
  - (c) social welfare function ( )
  - (d) Pareto's criterion ( )
6. The concept of the greatest good to the greatest number for improvement in welfare is given by
- (a) Smith ( )
  - (b) Bergson ( )
  - (c) Pareto ( )
  - (d) Bentham ( )
7. Air pollution can be termed as
- (a) social benefit ( )
  - (b) social cost ( )
  - (c) social security means ( )
  - (d) All of the above ( )
8. The time required to recover the initial cost of an investment is called
- (a) internal rate of return ( )
  - (b) annual average rate of return ( )
  - (c) payback period ( )
  - (d) cost-benefit analysis ( )
9. The absolute advantage theory of international trade is associated with
- (a) Heckscher-Ohlin ( )
  - (b) David Ricardo ( )
  - (c) Alfred Marshall ( )
  - (d) Adam Smith ( )
10. Duties that are imposed on the commodities which are imported by a country are known as
- (a) tariffs ( )
  - (b) import goods ( )
  - (c) excise duties ( )
  - (d) quotas ( )

**( SECTION : B—SHORT ANSWERS )**

( Marks : 15 )

Write short notes on the following :

3×5=15

UNIT—I

1. Scarcity rent

**OR**

2. Risk theory of profit

UNIT—II

3. Derived demand

**OR**

4. Transfer earnings

UNIT—III

5. Welfare economics

**OR**

6. Pareto optimality condition

UNIT—IV

7. Time value of money

**OR**

8. Internal rate of return

UNIT—V

9. Difference between international trade and inter-regional trade

**OR**

10. Import quota

( SECTION : C—DESCRIPTIVE )

( Marks : 50 )

Answer the following :

10×5=50

UNIT—I

1. Discuss the liquidity preference theory of interest. 10

**OR**

2. Critically explain the innovation theory of profit. 10

UNIT—II

3. What do you mean by the firm's demand for factor services? What are the factors affecting the firm's demand for factor services? 3+7=10

**OR**

4. What is a monopsony? Show how wage and employment are determined under this market. 3+7=10

UNIT—III

5. Critically discuss the social welfare function of Bergson. 10

**OR**

6. Graphically illustrate the Kaldor-Hicks compensation principle criterion. 10

UNIT—IV

7. Highlight the elements of social cost-benefit analysis. 10

**OR**

8. Discuss the net present value method of project evaluation. 10

UNIT—V

9. Critically explain the comparative cost advantage theory of international trade. 10

**OR**

10. Discuss the Heckscher-Ohlin theory of international trade. 10

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