

Course Name: Microeconomic Theory-II. Course Code: BSCHECOC201

Model Questions:

Multiple Choice Type

1. Monopolistic competition includes a) only the character of monopoly b) only the character of perfect competition c) both the characters of monopoly and competition d) none of the above
2. In monopolistic competition we get two demand curves a) false b) true c) cannot be said without additional information d) none of these.
3. Duopoly equilibrium is indeterminate a) True b) false c) Can't be said without additional information d) none of these.
4. Kinked demand curve model of oligopoly was developed by a) Alfred Marshall b) Adam Smith c) Sweezy d) Hicks
5. Dominant firm price leadership model is an example of a) collusive oligopoly b) non collusive oligopoly c) cannot be said without additional information d) none of these.
6. In Cournot model firms behave autonomously and output is the parameter of action false b) true c) cannot be said without additional information d) none of these.
7. According to Ricardo marginal land is no rent land a) false b) true c) cannot be said without additional information d) none of these.
8. Concept of quasi rent was developed by a) Samuelson b) Hicks c) Pareto d) Marshall
9. In perfect competition a) $MRP=VMP$ b) $MRP < VMP$ c) $MRP > VMP$ d) none is true
10. Innovation theory of profit was developed by a) Samuelson b) Hicks c) Pareto d) Schumpeter
11. Pareto optimality in consumption requires is a) Equality of RCs b) Equality of RTs c) none of these d) cannot be said without additional information
12. The interdependence of different constituents parts of an economic system is recognized in a) partial equilibrium analysis b) general equilibrium analysis c) cannot be said without additional information d) none of these..

Objective type, Very Short Type, Short Type and Essay Type Questions

13. Which is the market form that considers strategic interaction?
14. Name a model that discusses price rigidity.
15. Define marginal product.
16. Draw an indifference curve for income and leisure.
17. Define transfer earning.

18. What is real interest?
19. Define net profit.
20. What is partial equilibrium?
21. In monopolistic competition why the demand curve is negatively sloped?
22. Distinguish between industry and product group.
23. Why is a competitive firm's input demand curve negatively sloped when it uses a single variable factor?
24. Briefly explain the concept of quasi rent
25. What is economic rent?
26. Explain the supply curve in loanable funds theory.
27. How does profit arise in a world of uncertainty?
28. Explain briefly the concept of the production possibility curve.
29. Explain the conditions for short run profit maximizing equilibrium of a firm under monopolistic competition?
30. What are the conditions for maximization of profit under collusion?
31. Why is a competitive firm's input demand curve negatively sloped when it uses two variable factors?
32. Explain the relation between liquidity preference and rate of interest.
33. How is the contract curve for exchange between two price-taking consumers determined?
34. Define monopolistic competition.
35. What do you mean by partial equilibrium analysis?
36. Distinguish between money wage and real wage.
37. What do you mean by product variation?
38. Why is an input demand called 'derived demand'?
39. What is economic rent?
40. Define Pareto Optimality.
41. What is the shape of individual labour supply curve?
42. Can rate of interest be zero or negative?
43. Define marginal land.
44. What is liquidity preference?
45. What is the difference between marginal physical product and marginal revenue product?
46. Under what conditions value of the marginal physical product (VMP) of an input is equal to the marginal revenue product (MRP) of that input?
47. Why do people demand money?
48. What do you mean by excess capacity?
49. Explain an Oligopoly market structure.
50. What are the conditions required for efficiency in consumption?
51. Distinguish between risk and uncertainty.

52. What do you mean by collective bargaining?
53. Differentiate between gross profit and net profit.
54. When does a firm reach equilibrium in a factor market?
55. What is the difference between Pareto optimality and Pareto efficiency?
56. What are the assumptions for analysis using Edgeworth boxes?
57. Distinguish between rent, wages, interest and profit.
58. Explain the Ricardian Theory of rent and mention its drawbacks.
59. Discuss the Price Rigidity model under Oligopoly market structure.
60. Critically discuss marginal productivity theory of distribution.
61. What is imperfect competition?
62. Define Oligopoly.
63. Define wage.
64. Define interest.
65. Define profit.
66. What is risk?
67. What is partial equilibrium?
68. Define VMP.
69. Define labour supply.
70. What is excess capacity?
71. Define quasi rent.
72. Define real wage.
73. Define real interest rate.
74. Name one price leadership model.
75. What is collusive oligopoly?
76. Explain short run equilibrium condition of monopolistic competition.
77. What are the characteristics of Oligopoly? Explain price rigidity in Oligopoly.
78. Explain marginal productivity theory of factor pricing. Define MRP
79. Explain Knight's Risk theory of Profit.
80. What are the conditions for attaining General Pareto Optimality?
81. Explain Cournot model of Duopoly. What is non collusive oligopoly?
82. What is loanable fund theory of interest?
83. Explain the concept of backward bending labour supply curve.
84. Discuss the conditions for attaining pareto optimality in production.
85. What are the conditions for general pareto optimality?
86. Do you think that oligopoly equilibrium is indeterminate? Explain.
87. Discuss the equilibrium of an oligopoly model where dominant seller is the price leader.
88. Discuss the equilibrium of an oligopoly model where low-cost firm is the price leader.
89. Is rent price determined? Explain.
90. Discuss innovation theory of profit.
91. Critically examine the liquidity preference theory of interest rate determination.
92. Can the trade union raise wage without creating unemployment?
93. Discuss the factors that determine the elasticity of demand for a factor of production.
94. Discuss the concept of scarcity rent and differential rent.
95. Discuss the conditions for backward bending supply curve of labour.
96. Discuss the loanable funds theory of interest rate determination.
97. Discuss Stackelberg model of duopoly.
98. Do you think that a firm under monopolistic competition creates excess capacity? Explain.
99. Derive the conditions of equilibrium under monopolistic competition when there is a) Free entry
b) Price competition c) Both Free entry and price competition.