



**DEPARTMENT OF ECONOMICS
NAMBOL L. SANOI COLLEGE, NAMBOL**

MU Question Bank (2020- 2022)

ECO: SE H- 303 (Microeconomics II)

Unit 1

A. Very short answer: 3 marks

1. What does the backward bending supply curve for labour imply? (2020, 21)

B. Short answers. 5 marks.

1. Enumerate the determinants of demand for a variable factor by an individual firm. (2020/21)

C. Essay type questions:

1. Distinguish between general equilibrium and partial equilibrium. Explain their respective merits and demerits. 6+6=12 (2022)
2. Discuss the equilibrium of the firm in the factor market under perfect competition. 12 (2022)
3. Explain how factor prices is determined under imperfect competition where the firm has monopolistic power in the product market while the factor market is perfectly competitive. 12 (2020/21)

UNIT II

A. Short answer: 5 marks

1. Write the uses of the study of general equilibrium theory. (2020/21/22)
2. State three basic assumptions of a simple model of general equilibrium. (2022)

B. Essay type

1. Explain the Walrasian general equilibrium system. What does one learn from it? 8+4=12 (2020/21/22)

UNIT III

A. Very short answer: 3 marks

1. What is a social welfare function? (2020/21)
2. What is Pareto Optimum? (2022)

B. Short answer : 5 marks

1. What are the limitations of Kaldor- Hicks Compensation criterion for welfare? (2020/21)
2. Explain Bergson's Social welfare function. (2022)

C. Essay type:

1. Critically examine Kaldor-Hicks criterion for an improvement in social welfare. 12 (2022)
2. Define Pareto optimum. Critically examine Pareto optimality criterion of social welfare. 4+8=12 (2020/21)
3. Explain Bergson social welfare function. On what ground is the Bergson Social Welfare function criticized? 6+6=12 (2020/21)

UNIT IV

A. Very short answer: 3 marks

1. Define public goods. (2022)
2. What is free rider problem? (2020/21)

B. Short answer: 5 marks

1. Explain market failure. State the measures to solve market failure. (2022)
2. What are common property resources (CPR)? Write the causes of overuse of common property resources (CPR). (2022)
3. Explain and illustrate the problem of common property resources. (2020/21)

D. Essays type: 12 marks

1. Compare the conditions for efficient supply of public goods with those for efficient supply of private goods. 12 (2022)
2. Define externalities. Explain the relationship between externalities and property rights with the help of an example. 4+8=12 (2022)
3. Discuss the concept of 'public goods' with examples. How can you determine the private preference for public goods? 6+6=12 (2020/21)

UNIT V

A. Very short answers: 3 marks

1. What do you understand by markets with asymmetric information? (2022)
2. Explain Lemon's market. (2022)

B. Short answer: 5 marks

1. Why does lemon market in used car market drive out good quality used car? Explain. (2020/21)
2. Write a note on offering guarantees and warranties as a method of dealing lemon market. (2022)

C. Essay type:

1. Explain the problem of moral hazard. How can the problem of moral hazard be overcome? 6+6= 12 (2020/21/22)
2. Explain the meaning and implications of asymmetric information with examples. 12 (2022)
3. What is market signalling? Discuss education as a useful signal in the job market. 3+9=12 (2022)
4. What factors create principal-agent problem? Write the solutions to remove principal-agent problem. 5+7=12 (2022)