



KERALA AGRICULTURAL UNIVERSITY
B. Sc. (Hons.) C & B 2017 Admission
II Semester Final Examination- August -2018

Econ.1202

Theory of Markets (3+0)

Marks: 50
Time: 2 hours
(10x1=10)

I State True or False

- 1 The shape of average fixed cost is rectangular hyperbola.
- 2 Price discrimination is an essential feature of monopoly.
- 3 Bilateral monopoly is a market with few buyers and sellers.
- 4 Selling cost is a feature of perfect competition.
- 5 Railway is an example for Monopsony

Match the following

- | A | B |
|-----------------------|--|
| 6 Terminal market | a Market information prevailed in the past |
| 7 Market intelligence | b Commodities traded are durables |
| 8 Secular market | c Day to day market information |
| 9 Market outlook | d Market information prevail in the future |
| 10 Market news | e Produce disposed to consumers |

II Write Short notes on ANY FIVE of the following

(5x2=10)

- 1 Discuss the features of monopolistic competitions
- 2 Differentiate sunk cost and selling cost
- 3 Distinguish between monopoly and monopsony
- 4 Explain break even analysis with the help of graph.
- 5 Differentiate Average revenue and marginal revenue
- 6 What is production function and differentiate continuous and discrete production function
- 7 What is second degree price discrimination?

III Answer ANY FIVE of the following

(5x4=20)

- 1 What are the goals of the firm discussed in the behavioral model of Cyert and March?
- 2 Define market and explain market equilibrium with the help of graph
- 3 Explain the dominant firm price leadership model of oligopoly
- 4 What is markup pricing, explain the limitations of markup pricing
- 5 Discuss about long run equilibrium of the firm
- 6 Explain bilateral monopoly with graph
- 7 Write about price discrimination and the conditions necessary for implementation of price discrimination

IV Write an essay on ANY ONE of the following

(1x10=10)

- 1 Baumol's theory of sales revenue maximization with the help of graph
- 2 Bain's model of limit pricing
