INDIRA UNIVERSITY, PUNE

SCHOOL OF COMMERSCE & ECONOMICS- BSC ECO

Term End Examination (2025 Pattern) April- May – 2026- Semester – II

Course Name: Microeconomics-II **Max. Marks: 50**

Course Code: 25ECO201T **Time: 2:30 Hrs.**

Instructions

- **All Questions are Compulsory**
- **Draw suitable Diagrams wherever necessary**

Q1.	**Attempt the Questions (1 mark for Each Question)** **(6 Marks)** **i. In a perfectly competitive market, a firm is a_______** A) Price maker B) Price taker C) Monopolist D) Price leader **ii. The Lerner Index is used to measure:** A) Market demand B) Cost efficiency C) Degree of monopoly power D) Price elasticity **iii. The Marginal Productivity Theory of Distribution states that:** A) All factors are paid equally B) Factors are paid according to their marginal contribution C) Wages are fixed by government D) Profits are constant **iv. Scarcity rent arises due to______** A) Unlimited supply of land B) Limited supply of land C) High wages D) Government policy **v. General equilibrium analysis studies:** A) A single market in isolation B) Interrelationship among all markets in an economy C) Only consumer behavior D) Only production decisions **vi. Pareto optimal situation occurs when_____** A) Everyone has equal income B) No one can be made better off without making someone worse off C) Government intervenes D) Prices are fixed	CO 1
Q2.	Explain the concept of price regulation and its importance in controlling market outcomes. **(8 Marks)**	CO2

Q.3	**Attempt any one.** **(12Marks)** **A.** Develop a detailed explanation of the Marginal Productivity Theory of Distribution. Apply the theory to explain how factors of production are rewarded in a competitive market. **OR** **B.** Identify the main features of Liquidity preference theory of interest, Construct a framework showing interaction between demand for liquidity and rate of interest.	CO3
Q.4	**Attempt any one.** **(12Marks)** **A.** Construct an Edgeworth Box diagram and apply it to demonstrate efficient allocation of resources between two consumers. **OR** **B.** Construct a detailed explanation of the role of government in welfare promotion and apply policy measures to correct different types of market failures.	CO3
Q.5	**Attempt any one.** **(12Marks)** **A.** Analyze the process of price and output determination under perfect competition in the short run and long run. Examine how equilibrium is achieved in both periods. **OR** **B.** Analyze the features of an oligopoly market. Examine the kinked demand curve model and explain how it leads to price rigidity.	CO4

*****