perfect competitive firm. Explain whether these point F, C, B, A constitute profit maximization, loss minimization, break even and shut down point for the firm assuming that firm was producing at these points. (9)

(b) Define a pure monopoly. What are the conditions that might give rise to a monopoly and what forces limit the pure monopolist's market power? (9)

5. Write short notes on any **three** of the following : (3×6)

(a) Inferior good

(b) Price rigidity under Oligopoly

(c) Bandwagon effect and snob effect

(d) Dominant price leadership model of oligopoly

[This question paper contains 4 printed pages.]

Your Roll No..............

Sr. No. of Question Paper : 3035 **D**

Unique Paper Code : 2922071102

Name of the Paper : Microeconomics

Name of the Course : **Bachelor of Business Administration – Financial Investment Analysis**

Semester : I

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions.
3. **All** questions carry equal marks.
4. Use of simple calculator is allowed.

1. Answer any **three** questions of the following :

(a) Profit maximizing quantity same as quantity where MR is equal to MC. Comment.

(b) How does excess capacity arise in monopolistic competition?

(c) Meena is very fond of eating gulab jamun and her demand for gulab jamun is more in winter season. Considering the above information true, show how will her demand curve for gulab jamun changes during monsoon?

(d) Mr. A sells cupcakes at the price of Rs. 50. He employs 10 workers in his shop. Each worker is paid Rs. 200 per hour. What is the marginal productivity of the 10^{th} worker, if Mr. A is a profit maximiser. (3×6)

2. (a) "Negative substitution effect does not always result in a downward sloping demand curve." Explain with the help of diagrams. (9)

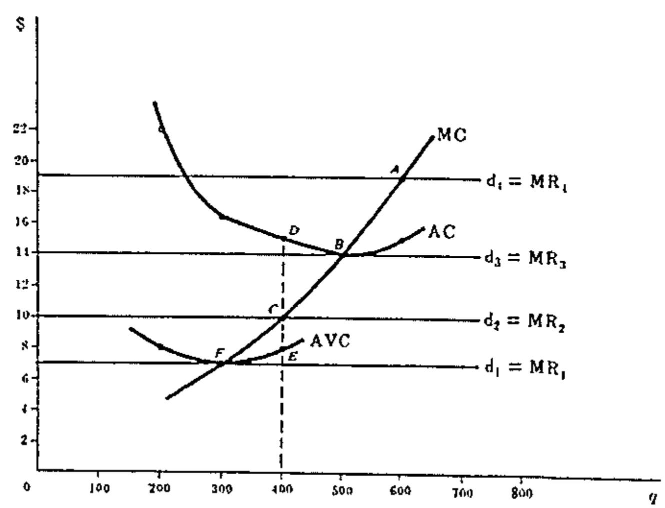
(b) What will be the shape of indifference curves if you measure number of one rupees coin on the x axis and number of two rupees coin on the y axis? If the consumer derives more marginal utility from spending one rupee on y good than spending one rupee on x good, is this a state of rest for the consumer? If not, then how will the consumer reach a state of equilibrium? (9)

3. (a) "The law of variable proportion determines the shape of short run cost curves". Explain.

(b) Why are isoquants downward sloping and convex to the origin?

(c) A producer employs Labour (L) and Capital (K) to produce commodity X. The $MRTS_{LK}$ is 3 and marginal productivity of labour is 3. What is the marginal productivity of capital? (3×6)

4. (a)



The figure above shows hypothetical MC, AC, and AVC curves for a "representative" firm; d1 to d4 (and MR1 to MR4) are alternative demand (and marginal revenue) curves that might face the

P.T.O.