

ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Economics)

WARNING

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

Course: Introduction to Microeconomics (801)
Level: M. Sc. Economics
Credit Hours: 03

Semester: Autumn, 2012
Total Marks: 100
Pass Marks: 40

ASSIGNMENT No. 1

(Units: 1–5)

- Q. 1 What are the main criteria's for classifying firms into industries. In your opinion which criteria serves the better? (20)
- Q. 2 Using necessary and sufficient conditions explain consumer's equilibrium diagrammatically as well as mathematically. (20)
- Q. 3 Derive consumer and market demand curves from indifference curves. (20)
- Q. 4 a) Explain "law of variable proportions" in the light of classical production function.
b) Optimize the following Cobb-Douglas production function subject to the given constraints by:
i) Forming Lagrange Function
ii) Finding the Critical Values
 $q = K^{0.3}L^{0.3}$ Subject to $6K+2L=384$ (10+10)
- Q. 5 Derive long run total cost curves from expansion path. (20)

ASSIGNMENT No. 2

Total Marks: 100

(Units: 6–9)

Pass Marks: 40

- Q. 1 Derive long-run supply curve of an industry under perfect competition. (20)

- Q. 2 Show the effects of the followings on the monopolist equilibrium.
- i) Change in the market demand
 - ii) The cost of production change
 - iii) The taxes are imposed **(20)**
- Q. 3 Describe the Chamberline's model of monopolistic competition. **(20)**
- Q. 4 Describe Cournot model showing that how two firms attain stable equilibrium. **(20)**
- Q. 5 Write notes on the following: **(10+10)**
- i) Collusive Oligopoly
 - ii) Externalities

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