

**SVKM's NMIMS**  
**School of Distance Learning**

Programme: DFM/PGDFM

Academic Year: 2011-2012

Subject: Micro Economics

Date: 4.1.2012

Semester

II

Course

New

Marks:

70

Time:

11.00 a.m to 2.00 p.m

Time: 3 hrs

**Instructions:** Candidates should read carefully the instructions printed on the question paper and on the cover of the Answer Book, which is provided for their use.

**Q.1 Write short<sup>notes</sup> on any 2 out of the following 4: (Marks: 10)**

- a) Substitute goods
- b) Marginal product
- c) Isoquants
- d) AFC

**Q.2 Attempt any 2 out of 5 (Marks: 10)**

- a) Can demand curve have a positive slope? Substantiate your answer.
- b) Explain why AVC is a 'U' shape curve?
- c) Explain the features of Oligopoly firm
- d) What are economies and diseconomies of scale?
- e) Differentiate between monopoly and monopolistic firm

**Q.3 Attempt any 3 out of 5 (Marks: 15)**

- a) Explain (with the help of diagram) the Law of Diminishing Marginal Product
- b) Explain the concept of price discrimination in monopoly
- c) Explain & draw the short run cost curves
- d) Explain the concept of Kinked Demand Curve Model of Oligopoly

e) Explain (with the help of diagram) short run and long run profit maximization equilibrium in perfect competition market.

**Q.4 Answer in the following questions (Marks: 20)**  
**(All questions are compulsory, 10 marks each)**

a) Explain (with the help of diagram) how equilibrium point changes:  
1. When increase in demand is greater than increase in supply  
2. When decrease in demand is greater than decrease in supply

b) Explain the “prisoners dilemma” in respect of oligopoly

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