International Islamic University Chittagong

Department of Economics & Banking

Semester End Examination; Autumn-2023 | Program: BSS (Honors) in Economics & Banking
Course Code: ECON-2302 | Course Title: Intermediate Microeconomics
Time: **2 hours 30 minutes** | Full Marks: 50

[Answer all of the following questions. Figures in the right margin indicate full marks.]

QN	Description of Questions	Marks	CLOs & PLOs	Cognitive learning
1(a).	Explain short-run equilibrium of monopoly.	5	CLO3,PLO2	Analyzing
1(b).	A monopolist does not have any supply curve- Do you agree with this statement? Why or why not?	5		Evaluating
	or			
2(a).	Show that "MR (Marginal Revenue) is two times steeper than AR (Average Revenue)".	4	CLO3,PLO2	Analyzing
2(b).	Do you think a monopolist uses only optimum plant in the long run?	6		Remembering
2(a).	What is meant by 'dead-weight loss' in a monopoly market? If the gains to producers are redistributed to consumers, would the 'dead-weight loss be eliminated?	6	CLO4,PLO3	Remembering
2(b).	"Profit maximizing pricing decision of a monopolist would be made in the elastic range of demand curve". Prove the statement.	4		Analyzing
	or			
2(a).	Show that " consumer surplus is completely absent in first degree price discrimination"	3	CLO4,PLO3	Remembering
2(b).	SAMSUNG is the sole distributor of LED monitor. Two different locations have the following demand functions for monitor. Demand in location 1: $P_1 = 100-2Q_1$ Demand in location 2: $P_2 = 90-5Q_2$ Cost function : $C = 100 + 2Q \quad (Q=Q_1+Q_2)$ Show that the market in which elasticity is higher, price is lower.	7		Applying
3(a).	Discuss the concept of product differentiation. Explain equilibrium of monopolistic competition with entry alone.	5	CLO2,PLO4	Analyzing
3(b).	How is excess capacity measured? Do you think monopolistically competitive firms preserve excess capacity?	5		Evaluating

4(a).	Explain the mechanism of Cournot equilibrium.	5		Analyzing
4(b).	What is kinked demand curve? How does the kinked demand curve hypothesis explain price stability under oligopoly?	5	CLO1,PLO3	Evaluating
5(a).	Illustrate how a cartel determines price and output of a product to maximize joint profits.	5		Creating
5(b).	Why does price leadership sometimes evolve in oligopolistic markets? Explain.	5	CLO2,PLO2	Understanding