

**BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(MID SEMESTER EXAMINATION)**

**CLASS: I MSc.
BRANCH: QEDS**

**SEMESTER: III
SESSION: MO/2022**

SUBJECT: ED203 INTERMEDIATE MICROECONOMICS

TIME: 2 HOURS

FULL MARKS: 25

INSTRUCTIONS:

1. The total marks of the questions are 25.
 2. Candidates attempt for all 25 marks.
 3. Before attempting the question paper, be sure that you have got the correct question paper.
 4. The missing data, if any, may be assumed suitably.
 5. Tables/Data hand book/Graph paper etc. to be supplied to the candidates in the examination hall.
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		CO	BL
Q1 (a)	What is the difference between Stackelberg and Bertrand model?	[3]	CO1
Q1 (b)	Why do firms collude? Give an example of collusion.	[2]	CO1
Q2 (a)	ITC and Coca Cola are the only two firms operating in natural fruit juice segment. The demand for natural fruit juice is given by $p = 480 - .2Q$, where p is the price and Q is the total quantity sold. ITC has constant marginal costs of Rs. 30 and Coca Cola has a constant marginal cost of Rs. 45. If both produce simultaneously then what is their profit?	[2]	CO1
Q2 (b)	In the above question, if Coca Cola is the quantity leader and ITC is the quantity follower then what is the price?	[3]	CO1
Q3 (a)	What is the difference between stock and a bond?	[2]	CO2
Q3 (b)	If the wages in IT sector increase, explain using supply demand framework for labour market its impact on wages and employment in manufacturing sector.	[3]	CO2
Q4 (a)	What is a monopsony?	[2]	CO2
Q4 (b)	Using Supply and Demand framework for labour market, can you explain the high salaries that skilled workers earn compared to unskilled workers?	[3]	CO2
Q5 (a)	What is an Edgeworth box?	[2]	CO3
Q5 (b)	Draw the pareto optimal allocations in an Edgeworth box and explain the contract curve.	[3]	CO3

::::: 27/09/2022 M ::::::