**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 THE AWARD OF DEGREE/CERTIFICATE IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENT(S) BORROWED OR STOLEN FROM OTHER(S) AS ONE’S OWN WILL BE PENALIZED AS DEFINED IN THE “AIOU PLAGIARISM POLICY”**

## Course: Microeconomic Analysis (9305) Semester: Spring, 2025

## **Level: BS Economics**

## **Please read the following instructions for writing your assignments. (AD, BS, BEd, MA/MSc, MEd) (ODL Mode).**

1. All questions are compulsory and carry equal marks but within a question the marks are distributed according to their requirements.

2. Read the question carefully and then answer it according to the requirements of the questions.

3. Avoid irrelevant discussion/information and reproducing from books, study guides, or allied material.

4. Handwritten scanned assignments are not acceptable.

5. Upload your typed (in Word or PDF format) assignments on or before the due date.

6. Your own analysis and synthesis will be appreciated.

7. Late assignments can’t be uploaded at LMS.

8. The students who attempt their assignments in Urdu/Arabic may upload a scanned copy of their handwritten assignments (in PDF format) on University LMS. The size of the file should not exceed 5MP.

## **Total Marks: 100 Pass Marks: 50**

**ASSIGNMENT No. 1**

**(Units 1-5)**

Q.1 What is the difference between Marshallian and Hicksian demand functions? Describe the properties of both functions (20)

Q.2 Write down the assumptions of producer theory. Describe the relationship between the short-run and the long-run analysis in producer theory. (20)

Q.3 How Individuals and industries can also avoid or recline risk through buying insurance and diversification? (20)

Q.4 Differentiate between dynamic games, sequential games and repeated games. How can you use repeated and sequential games to design incentives and contracts in various contexts?(20)

Q.5 Define the price leadership. Why would a firm want to be a leader rather than a follower. (20)

## **Total Marks: 100 Pass Marks: 50**

**ASSIGNMENT No. 2**

**(Units 6-9)**

Q.1 Discuss in detail the main differences between the Bertrand model and Stackelberg model. (20)

Q.2 Discuss in detail the main types of cartels. Explain how cartels can affect an economy (20)

Q.3 Explain the Cournot model mathematically and with the help of a graph too. Describe the limitations of the Cournot model also. (20)

Q.4 Describe the Tradeoff between Efficiency in Production and Risk Bearing Contracts How the Best Contracts can be chosen? (20)

Q.5 Determine the Welfare Effects of Pollution in a Competitive Market with the help of a graph. And how can the government control pollution by imposition of taxes?

(20)