



Name:	
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination-December 2020

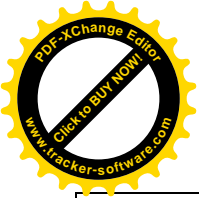
Course: Microeconomics-II
Program: BA (H) Economics
Course Code: ECON1007

Semester: III
Time :3 Hours
Max. Marks: 100

Instructions:

SECTION A

S. No.		Marks	CO
Q1	When the perfectly competitive firm and industry are in long run equilibrium then: A. $P = MR = SAC = LAC$ B. $D = MR = SMC = LMC$ C. $P = MR =$ Lowest point on the LAC curve D. All of the above	5	CO1
Q2	The kinked demand hypothesis is designed to explain in the context of oligopoly A. Price and output determination B. Price rigidity C. Price leadership D. Collusion among rival	5	CO2
Q3	Full capacity is utilized only when there is A. Monopoly B. Perfect competition C. Price discrimination D. (d) Oligopoly	5	CO1
Q4	Relationship between AR, MR and Price elasticity of demand is A. $MR = AR + [e - 1/e]$ B. $MR = AR \times [e - 1/e]$ C. $AR = MR \times [e - 1/e]$ D. (d) $MR = AR \times [e/e - 1]$	5	CO1
Q5	In the case of monopoly: A. MR curve cannot be defined B. AR curve cannot be defined C. the short run supply curve cannot be defined D. none of the above	5	CO2
Q6	A firm encounters its "shutdown point" when: A. average total cost equals price at the profit-maximizing level of output B. average variable cost equals price at the profit-maximizing level of output C. average fixed cost equals price at the profit-maximizing level of output D. marginal cost equals price at the profit-maximizing level of output	5	CO2



SECTION B

S. No.		Marks	CO
Q1	Write short not on following concept: 1. Dead-weight loss under monopoly 2. Product differentiation 3. Learner's index of monopoly power 4. MPP_L , MRP_L and VMP_L	10	CO3
Q2	What are prerequisites of price discrimination by a monopolist? How does a discriminating monopolist allocate his output in different markets to charge different prices?	10	CO3
Q3	Explain and illustrate graphically Sweezy's kinked demand curve theory of rigidity in oligopoly. Are prices in oligopoly sticky? What are the weaknesses of this model?	10	CO3
Q4	Critically Examine Ricardian Theory of rent.	10	CO3
Q5	What are the characteristics of monopolistic competition? Compare the characteristics of monopolistic competition with those of perfect competition.	10	CO2

SECTION C

S. No.		Marks	CO
Q1	Explain Cournot's model of duopoly .Illustrate graphically that price is determine and stable in Cournot's model of duopoly. Show that his model of duopoly can be applied to oligopoly <p style="text-align: center;">OR</p> What is group equilibrium? Explain how group equilibrium is achieved under monopolistic competition.	20	CO4