DOON UNIVERSITY, DEHRADUN
Mid-Semester Examination, 2017
School of Social Sciences
Msc.Economics Integrated (Second Semester)
Course Code: SSEI-150 Micro EconomicsII

Time Allowed: 2 Hours   *Maximum Marks: 30*

All the best☺

Section A Very Short Questions (Attempt all questions)   (1*6=6 marks)

1. Why does the MR curve under perfect competition remains parallel to X- axis?
2. When the production takes place on the falling part of the LAC under monopoly firm, what does it indicate? Is there any possibility of maximizing profit any further? Show diagrammatically.
3. What is the necessary and sufficient condition required for attaining equilibrium in market structure?
4. When there is an infinite elastic supply curve, the whole burden of taxes lies on _____
5. Highlight any two practical difficulties in maximizing profits under oligopoly.
6. What is 'tit for tat' strategy? Explain in context of Cooperative and non cooperative games.

Section B Short Questions (Attempt any four questions)   (2.5*4=10 marks)

1. Under the case of Bilateral monopoly, is it possible to charge the monopoly price? Support your answer with justification.
2. Assuming an increasing cost industry, explain the long run supply curve of the industry and its effects on price. How does the change in the price of the industry affect the long run average cost curve of the firm under perfect competition?
   OR
   With the help of diagram, explain the effect on the price and quantity supplied under perfect competition, when, there is a rise in:
   a) **Fixed Cost**
   b) **Variable Cost**
3. How is it possible to discriminate price for a monopolist? What are the different kinds of discrimination? Giving example, explain the degrees of price discrimination diagrammatically.
4. Highlighting the characteristics of monopolistic competition, determine the long run equilibrium with new firms entering the industry.
5. How does the industry determine the price under oligopoly in price leadership by low cost firm?

Section C Long answer type questions (Attempt any two)   (7*2=14 marks)

1. a) Determine the effects on monopolist's equilibrium when there is a shift in the market demand. How does a monopolist decide how much price should be charged.
   b) If taxes are imposed, will it bring any change in the price?

2. **a)** With the help of diagram determine price and quantity with equal and unequal market share under non price competition agreement in market sharing model under oligopoly.

   b) Also, determine price and share of market in case of price leadership by dominant firm.

3. In the given question below, mention-
   a) What is the saddle point?
   b) How do you obtain Minimax and Maximin?
   c) What is the value of the game?

		Player B			
	A_1	B_1	B_2	B_3	B_4
Player A	A_2	-1	-7	-3	-2
	A_3	7	6	4	-2
	A_4	9	-8	6	-4
	A_5	-2	-3	-4	-2

4. In the following question,
   a) Explain the dominant strategy
   b) Nash Equilibrium
   c) Maximin Strategy

		Not Confess	Confess
Mark			
	Not Confess	-4,-4	-9, -1
	Confess	-1, -9	-3, -3