Assignment-12

The due date for submitting this assignment has passed. As per our records you have not submitted this assignment. Due on 2019-04-24, 23:59 IST.

1) Choose the correct alternative

- Supply curve of a monopolist corresponds to a single point where profit is maximum
- There are no barriers to entry in monopoly
- Long run profits in perfectly competitive markets are zero
- All of the above

No, the answer is incorrect.
Score: 0
Accepted Answers:
Long run profits in perfectly competitive markets are zero

2) Equation of demand curve faced by a monopolist is \( P = 12 - Q \) and the equation of marginal cost is \( MC = Q \). Profit maximizing price (\( P^* \)) and quantity (\( Q^* \)) for this monopolist are

- \( Q^* = 4 \) and \( P^* = 8 \)
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- \( Q^* = 8 \) and \( P^* = 8 \)

No, the answer is incorrect.
Score: 0
Accepted Answers:
\( Q^* = 4 \) and \( P^* = 8 \)

3) A monopolist always produces on

- The inelastic region of market demand curve
- The elastic region of market demand curve

No, the answer is incorrect.
Score: 0
4) A natural monopoly
- is a monopoly in the production of raw materials
- occurs when one firm can supply the entire market more cheaply than can a number of firms
- is one result of a patent
- necessarily involves inefficient pricing

No, the answer is incorrect.
Score: 0
Accepted Answers:
occurs when one firm can supply the entire market more cheaply than can a number of firms

Comprehension 1:
Consider two firms with marginal costs MC<sub>1</sub>=20+q<sub>1</sub> and MC<sub>2</sub>=20+q<sub>2</sub>. Industry demand function is P=100-Q with Q=q<sub>1</sub>+q<sub>2</sub>. Find the reaction curves and cournot solution to answer the following three questions.

5) Total output of both firms is
- 20
- 40
- 30
- 50

No, the answer is incorrect.
Score: 0
Accepted Answers:

6) Sum of the profits of both firms (Π<sub>1</sub>+Π<sub>2</sub>) is
- 800
- 1200
- 1600
- 600

No, the answer is incorrect.
Score: 0
Accepted Answers:

7) Equilibrium price is
- 40
- 50
- 60
- 30

No, the answer is incorrect.
Score: 0
Accepted Answers:

Consider a market with all firms and potential entrants are identical. Each has a
long-run average cost curve \( AC(Q) = 40 - Q + 0.01Q^2 \) and a corresponding long-run marginal cost curve \( MC(Q) = 40 - 2Q + 0.03Q^2 \) where \( Q \) is thousands of units per year. The market demand curve is \( D(P) = 25,000 - 1,000P \), where \( D(P) \) is also measured in thousands of units.

8) Long run equilibrium quantity per firm is

- 20000
- 50000
- 25000
- 60000

No, the answer is incorrect.
Score: 0
Accepted Answers:

9) Long run equilibrium price is

- 15
- 20
- 25
- 30

No, the answer is incorrect.
Score: 0
Accepted Answers:

10) Total no. of firms in market is

- 100
- 150
- 200
- 250

No, the answer is incorrect.
Score: 0
Accepted Answers:

11) When a firm charges a consumer so much for the first so many units purchased, a different price for the next so many units purchased and so on. Then, the type of price discrimination is

- First-degree
- Second-degree
- Third-degree
- None of the above

No, the answer is incorrect.
Score: 0
Accepted Answers:

Second-degree

12) When a firm divides consumers into different groups and charges a different
price to consumers in different groups, but the same price to all the consumers within a group. Then, the type of price discrimination is

- First-degree
- Second-degree
- Third-degree
- None of the above

No, the answer is incorrect.
Score: 0
Accepted Answers:
Third-degree

13 Suppose your opponent is not playing her Nash equilibrium strategy. Should you play your Nash equilibrium strategy?

- Yes necessarily
- Not necessarily
- Become confuse
- None of these

No, the answer is incorrect.
Score: 0
Accepted Answers:
Not necessarily

14 Can the leader ever get a lower profit in a Stackelberg equilibrium than he would get in the Cournot equilibrium?

- Sometimes
- Yes always
- No
- None of these

No, the answer is incorrect.
Score: 0
Accepted Answers:
No

15 Choose the correct alternative

- Monopoly output is greater than perfectly competitive markets output
- Monopoly price is less than perfectly competitive markets price
- Monopoly consumer surplus is greater than the consumer surplus in perfectly competitive markets
- Monopoly deadweight loss is greater than the deadweight loss in perfectly competitive markets

No, the answer is incorrect.
Score: 0
Accepted Answers:
Monopoly deadweight loss is greater than the deadweight loss in perfectly competitive markets