Assignment 6

The final grade for the class is determined by the assignment grade, so you may need to submit an assignment.

Due on 2019-10-15, 23:59 IST.

Suppose the demand function is given by Q = 50 - P and the cost function is given by C = 100 + 2Q.

1. If the answer is incorrect:
   Accepted Answer (Type: Numerical)
   4

   a. What is the optimum quantity bought and sold in case of monopoly?

2. If the answer is incorrect:
   Accepted Answer (Type: Numerical)
   1

   b. What is the optimum quantity bought and sold in case of perfect competition?

3. If the answer is incorrect:
   Accepted Answer (Type: Numerical)
   1

   c. What is the price that the Monopolist would charge?

4. If the answer is incorrect:
   Accepted Answer (Type: Numerical)
   1

   d. What is the price that will prevail in perfect competition?

---

The blue line in the following diagram represents the \( P = 60 - Q \) of energy market.

---

<table>
<thead>
<tr>
<th>Business Cycle</th>
<th>Short Run Cycle</th>
<th>Short Run Output Cycle</th>
</tr>
</thead>
</table>

5. If the answer is incorrect:
   Accepted Answer (Type: Short Answer)
   1

   a. The supply curve in a perfectly competitive market is:
      - Horizontal to price axis
      - Vertical to quantity axis
      - Downward sloping part of Marginal Cost Curve
      - Downward sloping part of Marginal Cost Curve

6. If the answer is incorrect:
   Accepted Answer (Type: Short Answer)
   1

   b. Recently, USA has become a net exporter of Natural Gas. This is triggered by discovery and extraction of \( \ldots \) gas in USA.

7. If the answer is incorrect:
   Accepted Answer (Type: Short Answer)
   1

   c. The reason for energy industry to follow average cost pricing and not marginal cost pricing is:
      - Asset specificity and capital intensity
      - High marginal cost
      - Local capital intensity
      - None of the above

---

The blue line in the following diagram represents the \( P = 60 - Q \) of energy market.

9. If the answer is incorrect:
   Accepted Answer (Type: Short Answer)
   1

   a. The reason for energy industry to follow average cost pricing and not marginal cost pricing is:
      - Asset specificity and capital intensity
      - High fixed cost leading to through average decline in average cost with output increases
      - High fixed cost leading to through marginal declining cost as output increases
      - Low fixed cost leading to through marginal declining cost as output increases
      - Low fixed cost leading to through average declining average cost as output increases

10. If the answer is incorrect:
    Accepted Answer (Type: Short Answer)
    1

    b. One of the most appropriate ways of energy pricing in presence of natural monopoly is:
       - Marginal cost pricing
       - Average cost pricing
       - Two-part tariff
       - None of the above

---

The blue line in the following diagram represents the \( P = 60 - Q \) of energy market.