U5 | UPES

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End- Term Examination, December 2019

Program: BA Energy Economics	**Semester** : I
Course: Industrial Economics	**Max. Marks** : 100
Course Code : ECON1004	**Duration** : 3 Hrs

Section A
Note- Answer *all* the questions below. Each question has 2 marks.

1	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. of the above
		CO2

2	In monopoly, the relationship between average and marginal revenue curves is as follows:
	    A. AR curve lies above the MR curve
	    B. AR curve coincides with the MR curve
	    C. AR curve lies below the MR curve
	    D. AR curve is parallel to the MR curve
		CO1

3	In perfect competitive market a firm in the long- run operates at
	    A. AC = MC
	    B. MR = MC
	    C. AR = MR
	    D. P = AR = MR = AC = MC
		CO4

4	Which of the following is an example of an "explicit cost"?
	    A. The wages a proprietor could have made by working as an employee of a large firm
	    B. The income that could have been earned in alternative uses by the resources owned by the firm
	    C. The payment of wages by the firm
	    D. The normal profit earned by a firm
		CO3

5	An isoquant slopes :
	    A. downward to the left
	    B. downward to the right
	    C. upward to the left
	    D. upward to the right
		CO4

Section B

Note- Answer *all* the questions below. Each question has 5 marks.

1	Suppose Total cost (TC) and Total Revenue (TR) functions are given, $TC = 100 + 5X^2$, $TR = 150X - 2.5X^2$. Find (a) Profit Maximization output, (b) Maximum output	CO3
2	What is production function? Explain the concept of Returns to scale and distinguish among increasing returns to scale, constant return to scale & decreasing returns to scale.	CO4
3	Explain Firm Equilibrium under perfect competitive market and Monopoly Market. Illustrate your answer with help of Diagram.	CO1
4	Explain the relationship between average Revenue (AR), marginal Revenue (MR) and price elasticity of demand (Ep)	CO2

Section C

Note- Answer *all* the questions below. Each question has 10 marks.

1	Discuss the interactive framework of Structure- conduct performance	CO2
2	Define Integration. Describe different methods of Integration	CO2
3	Distinguish between simple and Discriminating monopoly. Show graphically how a discriminating monopolist attains equilibrium.	CO4
4	What is Market Concentration? Explain Hirschman-Herfindahl Index (HHI) for measure market concentration.	. CO3

Section D

Note- Answer *all* the questions below. Each question has 15 marks.

1	How is monopoly power measured? State Lerner's measure of degree of monopoly power. Show that degree of monopoly power inverse of the price elasticity of demand	CO4
2	What is merger and Acquisition? Explain Merger and Acquisition with help of Example of industry.	CO3