Time: 3 Hours   Full marks: 60

Questions are of same value
All questions are COMPULSORY.

5x12

1. Explain the phenomenon of two-part tariff in case of Monopoly. Also mention the motive behind applying this type of pricing strategy by the producer.

2. Distinguish between perceived and proportional demand curves in Monopolistic competition. Using a suitable diagram clearly elaborate the case of long-run equilibrium in such market.

3. Let the inverse demand function be $P = a - bQ$, and the cost function be $C_i = c\, Q_i$ where $i = 1, 2$ and $Q = Q_1 + Q_2$. Assume that $b > 0$ and $a > c$, where notations have their usual specifications.
    (a) Determine the Cournot equilibrium output of firm 1 and 2. Also find the Cournot equilibrium price.
    (b) Calculate the equilibrium output and price when the market is characterized by Monopoly.

4. Consider a simple model of differentiated oligopoly where firm A and B are playing Bertrand game. Goods are differentiated in terms of the location of the suppliers along a beach of length L. Consumers are uniformly located along the beach, and the location of firm A and B are denoted by a and b, respectively. Transportation cost for buying the product is d^2 where d is the distance consumer has to travel. The commodity prices are P_A and P_B respectively for A and B. If x is the indifferent location for A and B, determine the Hotelling Nash equilibrium prices for A and B.

5. Write notes on **ANY TWO**
    (a) Dominant firm price leadership model.
    (b) Monopolistic and Monopsonistic exploitation in the labor market.
    (c) Backward bending labor supply curve.