

CHAPTER 4 - PRICE DETERMINATION IN DIFFERENT MARKET

ICAI Questions

1. In the table below what will be equilibrium market price?

Price (₹)	Demand (tonnes per annum)	Supply (tonnes per annum)
1	1000	400
2	900	500
3	800	600
4	700	700
5	600	800
6	500	900
7	400	1000
8	300	1100

- (a) ₹ 2 (b) ₹ 3
(c) ₹ 4 (d) ₹ 5

2. Assume that when price is ₹ 20, the quantity demanded is 9 units, and when price is ₹ 19, the quantity demanded is 10 units. Based on this information, what is the marginal revenue resulting from an increase in output from 9 units to 10 units.

- (a) ₹ 20 (b) ₹ 19
(c) ₹ 10 (d) ₹ 1

3. Assume that when price is ₹ 20, the quantity demanded is 15 units, and when price is ₹ 18, the quantity demanded is 16 units. Based on this information, what is the marginal revenue resulting from an increase in output from 15 units to 16 units?

- (a) ₹ 18 (b) ₹ 16
(c) ₹ 12 (d) ₹ 28

4. Suppose a firm is producing a level of output such that $MR > MC$, what should the firm do to maximize its profits?

- (a) The firm should do nothing.
(b) The firm should hire less labour.
(c) The firm should increase price.
(d) The firm should increase output

5. Marginal Revenue is equal to:

- (a) The change in price divided by the change in output.
(b) The change in quantity divided by the change in price.
(c) The change in $P \times Q$ due to a one unit change in output.
(d) Price, but only if the firm is a price searcher.

6. Suppose that a sole proprietorship is earning

total revenues of ₹ 1,00,000 and is incurring explicit costs of ₹ 75,000. If the owner could work for another company for ₹ 30,000 a year, we would conclude that:

- (a) The firm is incurring an economic loss.
(b) Implicit costs are ₹ 25,000.
(c) The total economic costs are ₹ 1,00,000.
(d) The individual is earning an economic profit of ₹ 25,000

7. Which of the following is not an essential condition of pure competition?

- (a) Large number of buyers and sellers
(b) Homogeneous product
(c) Freedom of entry
(d) Absence of transport cost

8. What is the shape of the demand curve faced by a firm under perfect competition?

- (a) Horizontal (b) Vertical
(c) Positively sloped (d) Negatively sloped

9. Which is the first order condition for the profit of a firm to be maximum?

- (a) $AC = MR$ (b) $MC = MR$
(c) $MR = AR$ (d) $AC = AR$

10. Which of the following is not a characteristic of a "price-taker"?

- (a) $TR = P \times Q$
(b) $AR = Price$
(c) Negatively - sloped demand curve
(d) $Marginal Revenue = Price$

11. Which of the following statements is false?

- (a) Economic costs include the opportunity costs of the resources owned by the firm.
(b) Accounting costs include only explicit costs.
(c) Economic profit will always be less than accounting profit if resources owned and used by the firm have any opportunity costs.
(d) Accounting profit is equal to total revenue less implicit costs.

12. With a given supply curve, a decrease in demand causes

- (a) an overall decrease in price but an increase in equilibrium quantity.
(b) an overall increase in price but a decrease in equilibrium quantity.
(c) an overall decrease in price and a decrease in equilibrium quantity.
(d) no change in overall price but a reduction in equilibrium quantity.

13. It is assumed in economic theory that

- (a) decision making within the firm is usually undertaken by managers, but never by the owners.
(b) the ultimate goal of the firm is to maximise profits, regardless of firm size or type of business

organisation.

(c) as the firm's size increases, so do its goals.

(d) the basic decision making unit of any firm is its owners.

14. Assume that consumers' incomes and the number of sellers in the market for good A both decrease. Based upon this information, we can conclude, with certainty, that the equilibrium:

(a) price will increase. (b) price will decrease.

(c) quantity will increase. (d) quantity will decrease.

15. If supply increases in a greater proportion than demand

(a) The new equilibrium price and quantity will be greater than the original equilibrium price and quantity.

(b) The new equilibrium price will be greater than the original equilibrium price but equilibrium quantity will be higher.

(c) The new equilibrium price and quantity will be lower than the original equilibrium price and quantity.

(d) The new equilibrium price will be lower than the original equilibrium and the new equilibrium quantity will be higher.

16. Assume that in the market for good Z there is a simultaneous increase in demand and the quantity supplied. The result will be:

(a) an increase in equilibrium price and quantity.

(b) a decrease in equilibrium price and quantity.

(c) an increase in equilibrium quantity and uncertain effect on equilibrium price.

(d) a decrease in equilibrium price and increase in equilibrium quantity.

17. Suppose the technology for producing personal computers improves and, at the same time, individuals discover new uses for personal computers so that there is greater utilisation of personal computers. Which of the following will happen to equilibrium price and equilibrium quantity?

(a) Price will increase; quantity cannot be determined.

(b) Price will decrease; quantity cannot be determined.

(c) Quantity will increase; price cannot be determined.

(d) Quantity will decrease; price cannot be determined.

18. Which of the following is not a condition of perfect competition?

(a) A large number of firms.

(b) Perfect mobility of factors.

(c) Informative advertising to ensure that consumers have good information.

(d) Freedom of entry and exit into and out of the

market.

19. Which of the following is not a characteristic of a perfectly competitive market?

(a) Large number of firms in the industry.

(b) Outputs of the firms are perfect substitutes for one another.

(c) Firms face downward-sloping demand curves.

(d) Resources are very mobile.

20. Which of the following is not a characteristic of monopolistic competition?

(a) Ease of entry into the industry.

(b) Product differentiation.

(c) A relatively large number of sellers.

(d) A homogeneous product.

21. Monopoly may arise in a product market because

(a) A significantly important resource for the production of the commodity is owned by a single firm.

(b) The government has given the firm patent right to produce the commodity.

(c) The costs of production and economies of scale makes production by a single producer more efficient.

(d) All the above.

22. Oligopolistic industries are characterized by:

(a) a few dominant firms and substantial barriers to entry.

(b) a few large firms and no entry barriers.

(c) a large number of small firms and no entry barriers.

(d) one dominant firm and low entry barriers.

23. Price-taking firms, i.e., firms that operate in a perfectly competitive market, are said to be "small" relative to the market. Which of the following best describes this smallness?

(a) The individual firm must have fewer than 10 employees.

(b) The individual firm faces a downward-sloping demand curve.

(c) The individual firm has assets of less than 20 lakhs.

(d) The individual firm is unable to affect market price through its output decisions.

24. For a price-taking firm:

(a) marginal revenue is less than price.

(b) marginal revenue is equal to price.

(c) marginal revenue is greater than price.

(d) the relationship between marginal revenue and price is indeterminate.

25. Monopolistic competition differs from perfect competition primarily because

(a) in monopolistic competition, firms can differentiate their products.

(b) in perfect competition, firms can differentiate

their products.

- (c) in monopolistic competition, entry into the industry is blocked.
- (d) in monopolistic competition, there are relatively few barriers to entry.

26. The long-run equilibrium outcomes in monopolistic competition and perfect competition are similar, because in both market structures

- (a) the efficient output level will be produced in the long run.
- (b) firms will be producing at minimum average cost.
- (c) firms will only earn a normal profit.
- (d) firms realise all economies of scale.

27. Which of the following is the distinguishing characteristic of oligopolies?

- (a) A standardized product
- (b) The goal of profit maximization
- (c) The interdependence among firms
- (d) Downward-sloping demand curves faced by firms.

28. In which form of the market structure is the degree of control over the price of its product by a firm very large?

- (a) Monopoly
- (b) Imperfect Competition
- (c) Oligopoly
- (d) Perfect competition

29. Average revenue curve is also known as:

- (a) Profit Curve
- (b) Demand Curve
- (c) Average Cost Curve
- (d) Indifference Curve

30. Under which of the following forms of market structure does a firm have no control over the price of its product?

- (a) Monopoly
- (b) Monopolistic competition
- (c) Oligopoly
- (d) Perfect competition

31. Discriminating monopoly implies that the monopolist charges different prices for his commodity:

- (a) from different groups of consumers
- (b) for different uses
- (c) at different places
- (d) any of the above.

32. Price discrimination will be profitable only if the elasticity of demand in different sub- markets is:

- (a) Uniform
- (b) Different
- (c) Less
- (d) zero

33. In the context of oligopoly, the kinked demand hypothesis is designed to explain

- (a) Price and output determination
- (b) Price rigidity
- (c) Price leadership
- (d) Collusion among rivals.

34. The firm in a perfectly competitive market is a price-taker. This designation as a price-taker is based on the assumption that -

- (a) the firm has some, but not complete, control over

its product price.

(b) there are so many buyers and sellers in the market that any individual firm cannot affect the market.

- (c) each firm produces a homogeneous product.
- (d) there is easy entry into or exit from the market place.

35. Suppose that the demand curve for the XYZ Co. slopes downward and to the right. We can conclude that

- (a) the firm operates in a perfectly competitive market.
- (b) the firm can sell all that it wants to at the established market price.
- (c) the XYZ Co. is not a price-taker in the market because it must lower price to sell additional units of output.
- (d) the XYZ Co. will not be able to maximise profits because price and revenue are subject to change.

36. If firms in the toothpaste industry have the following market shares, which market structure would best describe the industry?

Market share	(% of market)
Toothpaste	18.7
Dentipaste	14.3
Shinibright	11.6
I can't believe its not toothpaste	9.4
Brighter than white	8.8
Pastystuff	7.4
Others	29.8

- (a) Perfect competition
- (b) Monopolistic competition.
- (c) Oligopoly.
- (d) Monopoly.

37. The kinked demand curve model of oligopoly assumes that

- (a) the response (of consumers) to a price increase is less than the response to a price decrease.
- (b) the response (of consumers) to a price increase is more than the response to a price decrease.
- (c) the elasticity of demand is constant regardless of whether price increases or decreases.
- (d) the elasticity of demand is perfectly elastic if price increases and perfectly inelastic if price decreases.

38. A firm encounters its "shutdown point" when:

- (a) average total cost equals price at the profit-maximizing level of output.
- (b) average variable cost equals price at the profit-maximizing level of output.
- (c) average fixed cost equals price at the profit-maximizing level of output.
- (d) marginal cost equals price at the profit-maximizing level of output

39. Suppose that, at the profit-maximizing level of output, a firm finds that market price is less than average total cost, but greater than average variable cost. Which of the following statements is correct?

- (a) The firm should shutdown in order to minimise its losses.
- (b) The firm should raise its price enough to cover its losses.
- (c) The firm should move its resources to another industry.
- (d) The firm should continue to operate in the short run in order to minimize its losses.

40. When price is less than average variable cost at the profit-maximising level of output, a firm should:

- (a) produce where marginal revenue equals marginal cost if it is operating in the short run.
- (b) produce where marginal revenue equals marginal cost if it is operating in the long run.
- (c) shut down, since it will lose nothing in that case.
- (d) shut down, since it cannot even cover its variable costs if it stays in business.

41. A purely competitive firm's supply schedule in the short run is determined by

- (a) its average revenue.
- (b) its marginal revenue.
- (c) its marginal utility for money curve.
- (d) its marginal cost curve.

42. One characteristic not typical of oligopolistic industry is

- (a) horizontal demand curve.
- (b) too much importance to non-price competition.
- (c) price leadership.
- (d) a small number of firms in the industry.

43. The structure of the toothpaste industry in India is best described as

- (a) perfectly competitive. (b) monopolistic.
- (c) monopolistically competitive. (d) oligopolistic.

44. The structure of the cold drink industry in India is best described as

- (a) perfectly competitive. (b) monopolistic.
- (c) monopolistically competitive. (d) oligopolistic.

45. Which of the following statements is incorrect?

- (a) Even a monopolistic firm can have losses.
- (b) Firms in a perfectly competitive market are price takers.
- (c) It is always beneficial for a firm in a perfectly competitive market to discriminate prices.
- (d) Kinked demand curve is related to an oligopolistic market.

46. Under perfect competition, in the long run, there will be no _____.

- (a) normal profits (b) supernormal profits.

(c) Production (d) costs.
47. When _____, we know that the firms are earning just normal profits.
(a) $AC = AR$ (b) $MC = MR$
(c) $MC = AC$ (d) $AR = MR$

48. When _____, we know that the Firms under perfect competition must be producing at the minimum point of the average cost curve and so there will be productive efficiency.
(a) $AC = AR$ (b) $MC = AC$
(c) $MC = MR$ (d) $AR = MR$

49. When _____, there will be allocative efficiency meaning thereby that the cost of the last unit is exactly equal to the price consumers are willing to pay for it and so that the right goods are being sold to the right people at the right price.
(a) $MC = MR$ (b) $MC = AC$
(c) $MC = AR$ (d) $AR = MR$

50. Agricultural goods markets depict characteristics close to
(a) perfect competition. (b) oligopoly.
(c) monopoly. (d) monopolistic competition.

51. Which of the following is not a characteristic of a competitive market?

- (a) There are many buyers and sellers in the market.
- (b) The goods offered for sales are largely the same.
- (c) Firms generate small but positive supernormal profits in the long run.
- (d) Firms can freely enter or exit the market.

52. Which of the following markets would most closely satisfy the requirements for a perfectly competitive market?

- (a) Electricity (b) Cable television
- (c) Cola (d) Milk

53. Which of the following statements is accurate regarding a perfectly competitive firm?

- (a) Demand curve is downward sloping
- (b) The demand curve always lies above the marginal revenue curve
- (c) Average revenue need not be equal to price
- (d) Price is given and is determined by the equilibrium in the entire market

54. The market for hand tools (such as hammers and screwdrivers) is dominated by Draper, Stanley, and Craftsman. This market is best described as

- (a) Monopolistically competitive (b) a monopoly
- (b) an oligopoly (d) perfectly competitive

55. A market structure in which many firms sell products that are similar but not identical is known as

- (a) monopolistic competition (b) Monopoly
- (c) perfect competition (d) oligopoly

56. When an oligopolist individually chooses its level

of production to maximize its profits, it charges a price that is
 (a) more than the price charged by either monopoly or a competitive market
 (b) less than the price charged by either monopoly or a competitive market
 (c) more than the price charged by a monopoly and less than the price charged by a competitive market
 (d) less than the price charged by a monopoly and more than the price charged by a competitive market.

57. In the long-run equilibrium of a competitive market, firms operate at
 (a) the intersection of the marginal cost and marginal revenue
 (b) their efficient scale
 (c) zero economic profit
 (d) all of these answers are correct

58. Which of the following is not a characteristic of a monopolistically competitive market?
 (a) Free entry and exit
 (b) Abnormal profits in the long run
 (c) Many sellers
 (d) Differentiated products

59. In a very short period market:
 (a) the supply is fixed
 (b) the demand is fixed
 (c) demand and supply are fixed
 (d) none of the above

60. Time element was conceived by
 (a) Adam Smith (b) Alfred Marshall
 (c) Pigou (d) Lionel Robinson

61. Total revenue =
 (a) price \times quantity (b) price \times income
 (c) income \times quantity (d) none of the above

62. Average revenue is the revenue earned
 (a) per unit of input
 (b) per unit of output
 (c) different units of input
 (d) different units of output

63. AR can be symbolically written as:
 (a) MR / Q (b) Price \times quantity
 (c) TR / Q (d) none of the above

64. AR is also known as:
 (a) Price (b) Income
 (c) Revenue (d) none of the above

65. Marginal revenue can be defined as the change in total revenue resulting from the:
 (a) purchase of an additional unit of a commodity
 (b) sales of an additional unit of a commodity
 (c) sale of subsequent units of a product
 (d) none of the above

66. When $e > 1$ then MR is
 (a) Zero (b) Negative
 (c) Positive (d) one

67. When $e = 1$ then MR is
 (a) Positive (b) Zero
 (c) One (d) negative

68. When $e < 1$ then MR is
 (a) Negative (b) Zero
 (c) Positive (d) one

69. In Economics, the term 'market' refers to a:
 (a) place where buyer and seller bargain a product or service for a price
 (b) place where buyer does not bargain
 (c) place where seller does not bargain
 (d) none of the above

70. Under perfect competition a firm is the
 (a) price-maker and not price-taker
 (b) price-taker and not price-maker
 (c) neither price-maker nor price-taker
 (d) none of the above

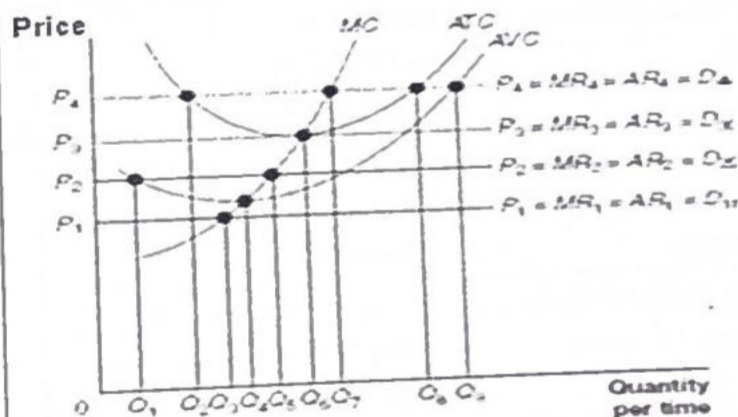
71. A Monopolist is a _____
 (a) price-maker (b) price-taker
 (c) price-adjuster (d) none of the above

72. Price discrimination is one of the features of ____
 (a) monopolistic competition (b) Monopoly
 (c) perfect competition (d) oligopoly

73. Under monopoly, the degree of control over price is:
 (a) None (b) Some
 (c) very considerable (d) none of the above

74. Generally, perishable goods like butter, eggs, milk, vegetables etc., will have
 (a) regional market (b) local market
 (c) national market (d) none of the above

75. At price P_1 , the firm in the figure would produce



(a) Zero output (b) Q3.
 (c) Q5. (d) Q6.

76. Secular period is also known as
 (a) very short period (b) short period
 (c) very long period (d) long period

77. Stock exchange market is an example of
 (a) unregulated market (b) regulated market

- (c) spot market (d) none of the above
78. The market for the ultimate consumers is known as
 (a) whole sale market (b) regulated market
 (c) unregulated market (d) retail market
79. The condition for pure competition is
 (a) large number of buyer and seller, free entry and exist
 (b) homogeneous product
 (c) both (a) and (b)
 (d) large number of buyer and seller, homogeneous product, perfect knowledge about the product
80. Pure oligopoly is based on the _____ products
 (a) Differentiated (b) Homogeneous
 (c) Unrelated (d) none of the above
81. In oligopoly, when the industry is dominated by one large firm which is considered as leader of the group, Then it is called:
 (a) full oligopoly (b) collusive oligopoly
 (c) partial oligopoly (d) syndicated oligopoly
82. When the products are sold through a centralized body, oligopoly is known as
 (a) organized oligopoly (b) partial oligopoly
 (c) competitive oligopoly (d) syndicated oligopoly
83. When the monopolist divides the consumers into separate sub markets and charges different prices in different sub-markets it is known as
 (a) first degree of price discrimination
 (b) second degree of price discrimination
 (c) third degree of price discrimination
 (d) none of the above.
84. Under _____ the monopolist will fix a price which will take away the entire consumers' surplus.
 (a) second degree of price discrimination
 (b) first degree of price discrimination
 (c) third degree of price discrimination
 (d) none of the above.
85. Price discrimination is related to
 (a) Time (b) size of the purchase
 (c) Income (d) any of the above
86. The firm and the industry are one and the same in
 (a) Perfect competition (b) Monopolistic competition
 (c) Duopoly (d) Monopoly
87. The demand curve of a monopoly firm will be _____
 (a) Upward sloping (b) Downward sloping
 (c) Horizontal (d) Vertical
88. If the average cost is higher than the average revenue then the firm incurs
 (a) Normal profit (b) Abnormal profit
 (c) Loss (d) No profit, no loss
89. Which of the following statements is correct?
 (a) Price rigidity is an important feature of monopoly.

- (b) Selling costs are possible under perfect competition.
 (c) Under perfect competition factors of production do not move freely as there are legal restrictions.
 (d) An industry consists of many firms.
90. Which of the following statements is incorrect?
 (a) Under monopoly there is no difference between a firm and an industry.
 (b) A monopolist may restrict the output and raise the price.
 (c) Commodities offered for sale under a perfect competition will be heterogeneous.
 (d) Product differentiation is peculiar to monopolistic competition.
91. For market the essential condition is -
 (a) A particular geographical place
 (b) Control of the government
 (c) Close contact between buyers and sellers
 (d) None of these
92. Assume that when Price is ` 10, the quantity demanded is 5 units and when Price is ` 12 the quantity demanded is 4 units. Based on this information, what is the Marginal Revenue resulting from increase in output from 4 units to 5 units.
 (a) ` 5 (b) ` 4
 (c) ` 2 (d) ` 3
93. Average revenue is equal to.
 (a) The change in P & Q due to a one unit change in output.
 (b) Nothing but price of one unit of output.
 (c) The change in quantity divided by change in price.
 (d) Graphically it denotes the firm's supply curve.
94. Example of a commodity said to have an International Market.
 (a) Perishable Goods.
 (b) High Value and Small Bulk Commodities.
 (c) Product whose trading is restricted by government.
 (d) Bulky Articles.
95. Weekly market is example of _____ Market:
 (a) Regulated Market (b) Spot Market
 (c) Forward Market (d) Unregulated Market
96. Conditions for equilibrium of a firm are:
 (a) $MR = MC$
 (b) MC should cut MR from below.
 (c) $MR = AR$ and MC should cut MR from below.
 (d) $MR = MC$ and MC should have a positive slope.
97. Natural Monopoly arises when
 (a) There is enormous goodwill enjoyed by a firm.
 (b) There are stringent legal and regulatory requirement.
 (c) There are very large Economies of Scale.
 (d) There are Business Combinations and Cartels.

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98. Price Discrimination cannot persist under the following market form:
 (a) Perfect Competition (b) Monopoly
 (c) Monopolistic (d) Oligopoly

99. Sweezy's Model explains the concept of price rigidity relating to following market form:
 (a) Oligopoly Market
 (b) Perfect Competition Market
 (c) Monopoly Market
 (d) Monopolistic Market

100. Combination of Monopoly Market and Monopsony Market is called as:
 (a) Duopoly Market
 (b) Oligopoly Market
 (c) Bilateral Monopoly Market
 (d) Monopolistic Market

101. Price varies by attributes such as location or by Customer Segment is _____ degree of Price Discrimination.
 (a) First (b) Second
 (c) Third (d) Fourth

Solution:-

1	2	3	4	5
(c)	(c)	(c)	(d)	(c)
6	7	8	9	10
(a)	(d)	(a)	(b)	(c)
11	12	13	14	15
(d)	(c)	(b)	(d)	(d)
16	17	18	19	20
(c)	(c)	(c)	(c)	(d)
21	22	23	24	25
(d)	(a)	(d)	(b)	(a)
26	27	28	29	30
(c)	(c)	(a)	(b)	(d)
31	32	33	34	35
(d)	(b)	(b)	(b)	(c)
36	37	38	39	40
(c)	(b)	(b)	(d)	(d)
41	42	43	44	45
(d)	(a)	(c)	(d)	(c)

46	47	48	49	50
(b)	(a)	(b)	(c)	(a)
51	52	53	54	55
(c)	(d)	(d)	(c)	(a)
56	57	58	59	60
(d)	(d)	(b)	(a)	(b)
61	62	63	64	65
(a)	(b)	(c)	(a)	(b)
66	67	68	69	70
(c)	(b)	(a)	(a)	(b)
71	72	73	74	75
(a)	(b)	(c)	(b)	(a)
76	77	78	79	80
(c)	(b)	(d)	(c)	(b)
81	82	83	84	85
(c)	(d)	(c)	(b)	(d)
86	87	88	89	90
(d)	(b)	(c)	(d)	(c)
91	92	93	94	95
(c)	(c)	(b)	(b)	(d)
96	97	98	99	100
(d)	(c)	(a)	(a)	(c)
101				
(c)				

Past Year & Most Frequent MCQ

1. Which of the following is not an essential condition of pure competition?
 (a) Large number of buyers and sellers
 (b) Homogeneous product
 (c) Freedom of entry
 (d) Absence of transport cost
2. Under which of the following forms of market structure does a firm has no control over the price of its product :
 (a) Monopoly (b) Oligopoly
 (c) Monopolistic competition (d) Perfect competition
3. Given the relation $MR = P \left(1 - \frac{1}{e}\right)$ if $e > 1$ then:
 (a) $MR > 0$ (b) $MR < 0$
 (c) $MR = 0$ (d) None
4. Profits of the firm will be more at :
 (a) $MR = MC$
 (b) Additional revenue from extra unit equals its additional cost
 (c) Both of above
 (d) None
5. What should firm do when Marginal revenue is greater than marginal cost?
 (a) Firm should expand output
 (b) Effect should be made to make them equal
 (c) Prices should be covered down
 (d) All of these
6. Under monopoly price discrimination depends upon
 (a) Elasticity of demand for commodity
 (b) Elasticity of supply for commodity
 (c) Size of market
 (d) All of above
7. Firms in a monopolistic market are price _____.
 (a) Takers (b) Givers
 (c) Makers (d) Acceptors
8. Market which have two firms are known as
 (a) Oligopoly (b) Duopoly
 (c) Monopsony (d) Oligopsony
9. Monopolist can determine :
 (a) Price (b) Output
 (c) Either price or output (d) None
10. MR of n th unit is given by :
 (a) TR_n / TR_{n-1} (b) $TR_n + TR_{n-1}$
 (c) $TR_n - TR_{n-1}$ (d) All of these
11. The market structure in which the number of sellers is small and there is inter dependence in decision making by the firms is known as :
 (a) Perfect competition (b) Oligopoly
 (c) Monopoly (d) Monopolistic competition
12. In perfect competition, since the firm is a price taker, the _____ curve is a straight line:

- (a) Marginal cost (b) Total cost
 (c) Total revenue (d) Marginal revenue
13. Given the relation $MR = P \left(\frac{e-1}{e}\right)$, if $e < 1$, then:
 (a) $MR < 0$ (b) $MR > 0$
 (c) $MR = 0$ (d) None of these.
14. For a discriminating monopolist the condition for equilibrium is:
 (a) $MR > MC$ (b) $MR = MC$
 (c) $MR = MC$ (d) All of the above.
15. Average revenue curve is also known as:
 (a) Profit curve (b) Demand curve
 (c) Supply curve (d) Average cost curve.
16. Given, $AR = 5$ and Elasticity of demand = 2 Find MR.
 (a) + 2.5 (b) -2.5
 (c) +1.5 (d) +2.0
17. If a seller obtains ₹3,000 after selling 50 units and ₹3,100 after selling 52 units, then marginal revenue will be
 (a) ₹59.62 (b) ₹50.00
 (c) ₹60.00 (d) ₹59.80
18. A firm will close down in the short period, if its AR is less than :
 (a) AC (b) AVC
 (c) MC (d) None of the above
19. Which one of the following expressions is correct for Marginal Revenue?
 (a) $MR = AR \left(\frac{1-e}{e}\right)$ (b) $MR = TR_n - TR_{n+1}$
 (c) $MR = \frac{\Delta TR}{\Delta Q}$ (d) $MR = \frac{TR}{Q}$
20. The market for ultimate consumer is known as:
 (a) Wholesale market (b) Regulated market
 (c) Unregulated market (d) Retail market
21. For a firm to become profitable it should expand output whenever:
 (a) Marginal revenue is equal to marginal cost
 (b) Marginal revenue is less than marginal cost
 (c) Marginal revenue is greater than marginal cost
 (d) Average revenue is greater than average cost.
22. On the basis of nature of transactions, a market may be classified into:
 (a) Spot market and future market
 (b) Regulated market and unregulated market
 (c) Wholesale market and retail market
 (d) Local market and national market.
23. In very short period market:
 (a) Supply changes but demand remains same
 (b) Supply changes but price remains same
 (c) Supply remains fixed
 (d) Supply and demand both changes
24. OMIT
25. Which of the following is correct?
 (a) $MR = AR (e - 1)/e$ (b) $MR = AR (e + 1)/e$

- (c) $MR = AR(1 - e)/e$ (d) None of the above
26. According to Behavioural Principles.
 (a) A firm should not produce at all if its total variable costs are not met.
 (b) A firm will be making maximum profits by expanding output to the level where marginal revenue is equal to marginal cost.
 (c) Both (a) and (b)
 (d) None of these
27. Market consists of
 (a) Buyer and Seller
 (b) One price for one product at a given time
 (c) Both (a) and
 (d) None
28. Demand for a product is unitary elastic then
 (a) $MR=0$ (b) $MR > 0$
 (c) $MR < 0$ (d) None of the above
29. Which of the following is true, when the firm is at equilibrium?
 (a) $MC < MR$
 (b) MC curve cuts the MR curve from below
 (c) Both (a) and (b)
 (d) None of the above
30. When TR is at its peak then MR is equal to -
 (a) Zero (b) Positive
 (c) Negative (d) None of the above
31. When price is ₹20, Quantity demanded is 10 units and price is decreased by 5% then quantity demand increased by 10% then Marginal revenue is _____.
 (a) ₹10 (b) ₹11
 (c) ₹9 (d) ₹20
32. Which of the following represents the supply curve in a perfect competitive market?
 (a) MC curve (b) AC curve
 (c) AR curve (d) R curve
33. OMIT
34. _____ is also called a free market as there are no stipulations on the transactions
 (a) Unregulated (b) Regulated
 (c) Retail (d) Spot
35. In this market, transactions involve contracts with a promise to pay and deliver goods at some future date
 (a) Spot market (b) Future market
 (c) Unregulated market (d) Retail market
36. A firm reaches its shut down point
 (a) When price is less than AVC in long run.
 (b) When price is less than AVC in short run.
 (c) When price is more than AC in long run.
 (d) When price is more than AC in short run.
37. Demand of good increases from 15 units to 16 units if price decreases from ₹ 40 to ₹ 38. What will

- be MR of 16" units.
 (a) 8 (b) 16
 (c) 38 (d) 15
38. For maximum profit, the condition is :
 (a) $AR = AC$ (b) $MR = MC$
 (c) $MR = AR$ (d) $MC = AR$
39. Equilibrium price may be determined through:
 (a) Only demand (b) Only supply
 (c) Both demand & supply (d) None
40. If price is forced to stay below equilibrium price then consequently it can be said that:
 (a) Excess supply exists. (b) Excess demand exists
 (c) Either (a) or (b) (d) Neither (a) nor (b)
41. An increase in supply with unchanged demand leads to :
 (a) Rise in price and fall in quantity
 (b) Fall in both price and quantity
 (c) Rise in both price and quantity
 (d) Fall in price and rise in quantity
42. In the long run:
 (a) Only demand can change
 (b) Only supply can change
 (c) Both demand and supply can change
 (d) None of these
43. Condition for producer equilibrium is :
 (a) $TR = TVC$ (b) $MC = MR$
 (c) $TC = TAC$ (d) None of these
44. OMIT
45. OMIT
46. If the price of a commodity is fixed, then with every increase in its sold quantity the total revenue will _____ and the marginal revenue will _____.
 (a) Increase, also increase
 (b) Increase, remain unchanged
 (c) Increase, decline
 (d) Remain fixed, increase.
47. If supply decreases and demand remains constant, then equilibrium price will be?
 (a) Increases (b) Decreases
 (c) No change (d) Become Negative
48. According to pigou, first degree price discrimination charges price to:
 (a) Individual capacity (b) Quantities sold
 (c) Location (d) None of the above
49. What is the shape of monopolist Average Revenue Curve?
 (a) Falls from left to right
 (b) Is parallel to X - axis
 (c) Is parallel to Y - axis
 (d) Rise from left to right
50. What is the shape of perfectly competitive Average Revenue Curve?

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(a) Parallel to X axis	(b) Parallel to Y axis
(c) Fall from left to right	(d) Rise from left to right
51. Monopsony means	
(a) Where there are large firms	(b) There is a single buyer
(c) Small number of large buyers	(d) Single seller and single buyer
52. When increase in demand is equal to increase in supply and equilibrium price remains constant, then what about equilibrium quantity?	
(a) Increases	(b) Decreases
(c) Remains Constant	(d) None of the above
53. OMIT	
54. A competitive firm in the short run incur losses. The firm continues production, if:	
(a) $P > AVC$	(b) $P = AVC$
(c) $P < AVC$	(d) $P \geq AVC$
55. Under _____ market condition, firms make normal profits in the long run:	
(a) Perfect competition	(b) Monopoly
(c) Oligopoly	(d) None
56. A monopolist is able to maximize his profits when :	
(a) His output is maximum	(b) He charges a high price
(c) His average cost is minimum	(d) His marginal cost is equal to marginal revenue
57. Under which of the following market structure AR of the firm will be equal to MR?	
(a) Monopoly	(b) Monopolistic Competition
(c) Oligopoly Perfect	(d) Competition
58. Under Monopolistic competition the cross elasticity of demand for the product of a single firm would be:	
(a) Infinite	(b) Highly elastic
(c) Highly inelastic	(d) Zero
59. When $AR = ₹10$ and $AC = ₹8$ the firm makes _____.	
(a) Normal profit	(b) Net profit
(c) Gross profit	(d) Supernormal profit
60. What are the conditions for the long run equilibrium of the competitive firm?	
(a) $LMC=LAC=P$	(b) $SMC = SAC = LMC$
(c) $P = MR$	(d) All of these
61. Kinked demand curve hypothesis is given by:	
(a) Alfred marshal	(b) A.C Pigou
(c) Sweezy	(d) Hicks & Allen
62. Supernormal profits occur, when :	
(a) Total revenue is equal to total cost	(b) Total revenue is equal to variable cost
(c) Average revenue is more than average cost	(d) Average revenue is equal to average cost
63. If under perfect competition, the price line lies below the average cost curve, the firm would : Incur	

losses	
(a) Make only Normal profits	
(b) Incur losses	
(c) Make abnormal profit	
(d) Profit cannot be determined	
64. The MR curve cuts the horizontal line between Y axis and demand curve into:	
(a) Two unequal parts	(b) Two equal parts
(c) May be equal or unequal parts	(d) None of these
65. OMIT	
66. Competitive firms in the long run earn:	
(a) Super normal profit	(b) Normal profit
(c) Losses	(d) None
67. For a monopolist, the necessary condition for equilibrium is: =	
(a) $P = MC$	(b) $P = MR = AR$
(c) $MR = MC$	(d) None
68. A firm will shut down in the short run if :	
(a) It is suffering a loss	(b) Fixed costs exceeds revenue
(c) Variable costs exceed revenues	(d) Total costs exceed revenues
69. _____ is the price at which demand for a commodity is equal to its supply :	
(a) Normal Price	(b) Equilibrium Price
(c) Short run Price	(d) Secular Price
70. OPEC is an example of :	
(a) Monopolistic competition	(b) Monopoly
(c) Oligopoly	(d) Duopoly
71. _____ is an ideal Market.	
(a) Monopoly	(b) Monopolistic
(c) Perfect Competition	(d) Oligopoly
72. Under which Market Situation demand curve is linear and parallel to X axis :	
(a) Perfect Competition	(b) Monopoly
(c) Monopolistic Competition	(d) Oligopoly
73. Which market have characteristic of product differentiation?	
(a) Perfect Competition	(b) Monopoly
(c) Monopolistic Competition	(d) Oligopoly
74. Which of these are characteristics of Perfect Competition?	
(a) Many Sellers & Buyers	(b) Homogeneous Product
(c) Free Entry and Exit	(d) All of the above
75. The demand curve of oligopoly is :	
(a) Horizontal	(b) Vertical
(c) Kinked	(d) Rising left to right
76. MR Curve = AR = Demand Curve is a feature of which kind of Market?	
(a) Perfect Competition	(b) Monopoly
(c) Monopolistic	(d) Oligopoly
77. In the long-run monopolist can:	

- (a) Incur losses
 (b) Must earn super normal profits
 (c) Wants to shut-down
 (d) Earns only normal profits.
78. The demand curve of the firm and industry will be same in which form of market :
 (a) Monopolistic Competition (b) Perfect Competition
 (c) Monopoly (d) Oligopoly.
79. Oligopoly having identical products is:
 (a) Pure oligopoly (b) Imperfect oligopoly
 (c) Price leadership (d) Collusion.
80. OMIT
81. OMIT
82. Kinked demand hypothesis is designed to explain _____ in context of oligopoly.
 (a) Price and output determination
 (b) Price rigidity
 (c) Collusion between firm
 (d) All of the above
83. Price discrimination can take place only in _____.
 (a) Monopolistic competition (b) Oligopoly
 (c) Perfect competition (d) Monopoly
84. In oligopoly, the kink on the demand curve is more due to _____.
 (a) Discontinuity in MR.
 (b) Discontinuity in AR.
 (c) Fulfilment of the assumption that a price cut is followed by others and a price increase by a firm is not followed by others.
 (d) Price war amongst the firms.
85. Price Discrimination is possible only when
 (a) Seller is alone
 (b) Goods are homogeneous
 (c) Market is controlled by the government
 (d) None of the above
86. Which of the following is not the feature of an imperfect competition?
 (a) Product differentiation (b) Few seller
 (c) Homogeneous products (d) Price wars
87. Price taker firms _____.
 (a) Do not advertise their product because it misleads the customers.
 (b) Advertise their products to boost the level of demand.
 (c) Do not advertise but give gifts along with the sold items to attract customers
 (d) Do not advertise because they can sell as much as they wish at the prevailing price
88. Price rigidity is a situation found in which of the following market forms?
 (a) Perfect competition (b) Monopoly
 (c) Monopolistic competition (d) Oligopoly.

89. When elasticity of demand is Equal to one in monopoly, marginal Revenue will be _____.
 (a) Equal to one (b) Greater than one
 (c) Less than one (d) Zero
90. Which one of the following statement is Incorrect?
 (a) Competitive firms are price takers and not price makers.
 (b) Price discrimination is possible in monopoly only.
 (c) Duopoly may lead to monopoly.
 (d) Competitive firm always seeks to discriminate prices.
91. Under which of the following market structure AR of the firm will be equal to MR?
 (a) Monopoly (b) Monopolistic Competition
 (c) Oligopoly (d) Perfect Competition
92. Tooth paste industry is an example of _____.
 (a) Monopoly (b) Monopolistic Competition
 (c) Oligopoly (d) Perfect Competition
93. OPEC is an example of :
 (a) Monopolistic competition (b) Monopoly
 (c) Oligopoly (d) Duopoly
94. Monopolistic Competitive firms _____.
 (a) Are small in size
 (b) Have small share in total market
 (c) Are very large in size
 (d) both (a) and (b)
95. The price discrimination under monopoly will be possible under which of the following conditions?
 (a) The seller has no control over the supply of his product
 (b) The market has the same condition all over
 (c) The price elasticity of demand is different in different markets 1 mark
 (d) The price elasticity of demand is uniform.
96. Oligopoly having identical products is known as
 (a) Pure oligopoly (b) Collusive oligopoly
 (c) Independent oligopoly (d) None of these
97. Which of these is the best example of oligopoly?
 (a) OPEC (b) SAARC
 (c) WTO (d) GATT
98. Monopolist can fix him price of goods whose elasticity is
 (a) Less than 1 (b) More than 1
 (c) Elastic (d) Inelastic
99. OMIT
100. OMIT
101. OMIT
102. "Price Discrimination" can be best exercised by the Seller in _____.
 (a) Oligopoly (b) Monopoly
 (c) Monopolistic competition (d) perfect competition

103. In Oligopoly the kink in the demand curve is more due to _____
 (a) Discontinuity in MR
 (b) Discontinuity in AR
 (c) Fulfilment of the assumption that a price fall is followed by the other and a price increase by a firm is not followed by the other
 (d) Price war among the firms

104. A firm encounters "shut down" point when _____
 (a) Marginal cost equals the price of the profit maximising level of output
 (b) Average fixed cost equals the price at the profit maximising level of output
 (c) Average variable cost equals the price at the profit maximising level of output
 (d) Average total cost equals the price at the profit maximising level of output

105. Under which market Condition firms make only normal profits in the long run?
 (a) Oligopoly (d) Monopoly
 (c) Monopolistic competition (d) Duopoly

106. In monopolistic competition excess capacity in the firm
 (a) Always exists (b) Sometimes exists
 (c) Never exists (d) None of the above

107. Selling costs have to be incurred in case of:
 (a) Perfect Competition (b) Monopolistic Competition
 (c) Monopoly (d) None of these.

108. In market, the price and output equilibrium is determined on the basis of:
 (a) Total revenue and total cost
 (b) Total cost and marginal cost
 (c) Marginal revenue and marginal cost
 (d) Only marginal cost.

109. A perfect market is characterised by :
 (a) Existence of large number of buyers and sellers
 (b) Homogenous products
 (c) Perfect knowledge of the market
 (d) All of the above.

110. Which of the following IS not a feature of oligopoly market?
 (a) Interdependence of the firms In decision making
 (b) Price rigidity
 (c) Group behaviour
 (d) Existence of large number of firms.

111. A monopolist can fix:
 (a) Both price and output (b) Either price or output
 (c) Neither price nor output (d) None of the above.

112. OMIT

113. In a competitive market, if price exceeds Average Variable Cost (AVC) but remains less than Average Cost (AC) at the equilibrium, the firm is:

(a) Making a profit
 (b) Planning to quit
 (c) Experiencing loss but should continue production
 (d) Experiencing loss but should discontinue production.

114. Price under perfect competition is determined by the
 (a) Firm (b) Industry
 (c) Government (d) Society.

115. Under monopoly, which of the following is correct:
 (a) AR and MR both are downward sloping
 (b) MR lies halfway between AR and Y axis
 (c) MR can be zero or even negative
 (d) All of the above.

116. Non price competition is very popular in:
 (a) Monopoly market (b) Monopolistic competition
 (c) Oligopolistic market (d) Perfect competition

117. In the 'kinked demand' curve model, the upper portion of the demand curve is:
 (a) Elastic (b) Inelastic
 (c) Perfectly Elastic (d) Unitary Elastic.

118. Equilibrium price for an industry in perfect competition is fixed through.
 (a) Input and Output
 (b) Market demand and market Supply
 (c) Market demand and firms supply
 (d) None of the above.

119. In a perfectly competitive market, if MR is greater than MC, then a firm should
 (a) Increase its production
 (b) Decrease its production
 (c) Decrease its sales
 (d) Increase its sales

120. OMIT

121. In the long run a monopolist always earns
 (a) Normal profit (b) Abnormal profit
 (c) Zero profit (d) Loss

122. Under which of the following forms of market structure does a firm has a very considerable control over the price of its product?
 (a) Monopoly (b) Monopolistic Competition
 (c) Oligopoly (d) Perfect Competition

123. One of the essential conditions of Perfect Competition is :
 (a) Product differentiation
 (b) Many sellers and few buyers
 (c) Only one price for identical goods at any one time
 (d) Multiplicity of prices for identical product at any one time

124. The demand curve of an oligopolist is :
 (a) Determinate (b) Indeterminate

- (c) Circular (d) Vertical
125. Abnormal profits exist in the long run only under _____
- (a) Perfect competition (b) Monopoly
(c) Monopolistic competition (d) Oligopoly
126. The distinction between a single firm and an industry vanishes in which of the following market conditions?
- (a) Perfect Competition (b) Imperfect Competition
(c) Pure Competition (d) Monopoly
127. Selling outlay is an essential part of which of the following market situations?
- (a) Perfect Competition (b) Monopoly
(c) Monopolistic Competition (d) Pure Competition.
128. The Kinked demand curve model explains the market situation
- Pure Oligopoly (b) Differentiated Oligopoly
(c) Collusive Oligopoly (d) Price Rigidity
129. For price discrimination to be successful, the elasticity of demand for the commodity in the two markets should be :
- (a) Same (b) Different
(c) Constant (d) Zero
130. The firm in a perfectly competitive market is a price taker. This designation as a price taker is based on the assumption that:
- (a) The firm has some but not complete control over its product price
(b) There are so many buyers and sellers in the market that any one buyer or seller cannot affect the market
(c) Each firm produces a homogeneous product
(d) There is easy entry into or exit from the market place.
131. A market structure in which many firms sell products that are similar and identical is known as _____.
- (a) Monopolistic competition (b) Monopoly
(c) Perfect competition (d) Oligopoly
132. A firm having kinked demand curve indicates that:
- (i) If the firm reduces the price, competitive firms also reduce the price
(ii) If the firm increases the price, competitive firms also increase the price
(iii) If the firm reduces the price, competitive firms do not reduce the price
(iv) If the firm increases the price, competitive firms do not increase the price
- (a) Only (i) above
(b) Both (i) and (iv) above
(c) Both (ii) and (iv) above
(d) Both (ii) and (iii) above
133. Price discrimination will not be profitable, if the

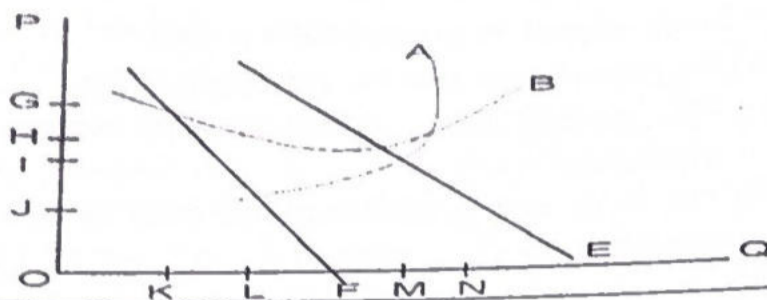
- elasticity of demand is _____ in different markets
- (a) Uniform (b) Different
(c) Less (d) Zero
134. In the long run, which of the following statement is true for a firm in a perfectly competitive industry?
- (a) It operates at its minimum average cost
(b) The price is more than the average fixed cost
(c) The marginal cost is greatest than marginal revenue
(d) The fixed cost is lower than the total variable cost
135. The firm will attain equilibrium at a point where MC curve cuts _____ from below.
- (a) AR curve (b) MR curve
(c) AC curve (d) AVC curve.
136. In a monopoly market, a producer has control only over:
- (a) Price of the commodity
(b) Demand of the commodity
(c) Both (a) and (b)
(d) Utility of the product.
137. One of the following is not correct about perfect competition:
- (a) Purchase and Sale of homogeneous goods
(b) Existence of marketing costs
(c) Absence of transportation costs
(d) Perfect mobility of factors of production.
138. Kinked demand curve under oligopoly is designed to show:
- (a) Price and output determination
(b) Price rigidity
(c) Price leadership
(d) Collusion among rivals.
139. "I am making a loss, but with the rent I have to pay, I can't afford to shut down at this point of time." If this entrepreneur is attempting to maximize profits or minimize losses.
- (a) Rational, if the firm is covering its variable cost
(b) Rational, if the firm is covering its fixed cost
(c) Irrational, since plant closing is necessary to eliminate losses
(d) Irrational, since fixed costs are eliminated if a firm shut down.
140. OMIT
141. OMIT
142. Under which of the following form of market structure does a firm have no control over the price of its production?
- (a) Monopoly (b) Monopolistic Competition
(c) Oligopoly (d) Perfect Competition.
143. _____ is that situation in which a firm bases its market policy, in part on the expected

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behaviour of a few close rivals.

- (a) Oligopoly (b) Monopolistic Competition
(c) Monopoly (d) Perfect Competition.

Solve the question No. 144, 145 and 146 on the base of following figure:



144. In the above figure, curve E is the firm's
(a) Marginal Cost Curve (b) Average Cost Curve
(c) Demand Curve (d) Marginal revenue Curve.

145. Above figure represents a
(a) Monopolist (b) Perfectly competition industry
(c) Perfectly competitive firm (d) None of the above.

146. In above figure, firms marginal revenue curve is
curve
(a) E (b) A
(c) F (d) B

147. The price elasticity of demand for a product is infinite under:
(a) Perfect competition (b) Monopolistic competition
(c) Monopoly (d) Oligopoly.

148. Comparing a Monopoly and Competitive firm the Monopolist will:
(a) Produce less and sell at a lower price
(b) Produce more and sell at a lower price
(c) Produce less and sell at a higher price
(d) Produce zero and sell at a lower price.

149. The reason for the kinked demand curve is that:
(a) The oligopolist believe that competitors will follow output increases but not output reductions.
(b) The oligopolist believe that competitors will follow price increases but not output reductions.
(c) The oligopolist believe that competitors will follow price cuts but not price rises.
(d) The oligopolist believe that competitors will follow price increases but not output increases.

150. A discriminating monopolist will charge a higher price in the market in which the demand for its product is.
(a) Highly elastic (b) Relatively elastic
(c) Relatively inelastic (d) Perfect elastic

151. If a firm under monopoly wants to sell more, its average revenue curve will be a line.
(a) Horizontal (b) Vertical
(c) Downward sloping (d) Upward sloping

152. Who sets the price of the product under

- perfect competition?
(a) Government (b) Consumers
(c) Sellers (d) Both buyers and sellers

153. Which is the first order condition for the firm to maximise the profit.
(a) $AC = MR$ (b) $AC = AR$
(c) $MC = MR$ (d) $MR = AR$

154. Which market has the concept of 'group' equilibrium in the long run?
(a) Oligopoly (b) Monopoly
(c) Monopolistic competition (d) Perfect competition.

155. Which of the following is incorrect?
(a) Even monopolistic can earn losses.
(b) Firms in perfect competitive market is price taker.
(c) It is always beneficial for a firm in a perfectly competitive market to discriminative prices.
(d) Kinked demand curve is related to an oligopolistic market.

156. OMIT

157. Which is not characteristic of monopoly?
(a) The firm is price taker
(b) There is a single firm
(c) The firm produces a unique product
(d) The existence of some advertising.

158. Price discrimination is profitable only when:
(a) Different markets are kept separate
(b) Distance between the consumer and the market is more
(c) Elasticity of demand in different markets is different
(d) The consumers are segregated on the basis of their purpose of use of the commodity.

159. When the industry is dominated by one large firm which is considered as the leader of the group, the market is described as:
(a) Open oligopoly (b) Perfect oligopoly
(c) Partial oligopoly (d) Organised oligopoly.

160. Which amongst the following is not an objective of price discrimination?
(a) To hold the extra stocks
(b) To earn maximum profits
(c) To enjoy economies of scale
(d) To secure equity through pricing.

161. Which of the following statement is not correct?
(a) Under monopoly there is no difference between a firm and industry.
(b) A monopolist may restrict the output and raise the price.
(c) Commodities offered for sale under a perfect competition will be heterogeneous.
(d) Product differentiation is peculiar to monopolistic

competition.

162. OMIT

163. OMIT

164. OMIT

165. What is/ are feature (s) of oligopoly

- (a) Kinked Demand curve
- (b) Cartel
- (c) Downward sloping demand curve
- (d) Both (a) and (b) are correct

166. Monopoly is undesirable due to:

- (a) It has prices higher than competitive firms
- (b) It produces less output than competitive firms
- (c) It discriminates on prices
- (d) All of the above.

167. In long run equilibrium undue perfect competition is/are satisfied by which condition

- (a) $MC = MR$
- (b) $AC = AR$
- (c) $CMC = LAC = P$
- (d) All of the above.

168. OMIT

169. OMIT

170. OMIT

171. OMIT

172. OMIT

173. OMIT

174. Market form in which there is only one buyer and one seller is:

- (a) Oligopoly
- (b) Duopoly
- (c) Bilateral Monopoly
- (d) Monopsony

175. The structure of the Toothpaste Industry in India is best described as:

- (a) Perfectly competitive
- (b) Monopolistic
- (c) Monopolistically competitive
- (d) Oligopolistic

176. Product differentiation is the main features of which market?

- (a) Oligopoly
- (b) Monopolistic
- (c) Discriminating Monopoly
- (d) Perfect competition

177. OMIT

178. OMIT

179. Which one of the following is not the feature of Oligopoly?

- (a) Interdependency
- (b) Selling cost
- (c) Free Entry
- (d) None of the above/ group behaviour

180. Price leadership is the characteristic of

- (a) Oligopoly
- (b) Monopoly
- (c) Perfect competition
- (d) Discriminating Monopoly

181. MR Curve in perfect competition is

- (a) Parallel to X axis
- (b) Parallel to Y axis
- (c) Fall from left to right
- (d) Rise from left to right

182. Which of the following is not the characteristic of MR?

- (a) When TR is maximum, then MR is zero
- (b) MR cannot be negative

(c) MR slopes downward from left to right

(d) MR Curve is below AR Curve

183. Which out of these are not features of perfect competition?

- (a) Homogeneous
- (b) Large number of buyer and sellers
- (c) Free entry and exit
- (d) Selling cost.

184. Which of the following statement is correct?

- (a) Price rigidity is an important feature of monopoly
- (b) Selling cost is possible under perfect competition
- (c) An industry consists of many firms
- (d) Under perfect competition factor of production do not move freely as these are legal restriction

185. Which is the characteristic feature of monopoly?

- (a) Homogeneous goods
- (b) Strong barriers to entry
- (c) Perfect competition
- (d) Perfectly elastic demand curve

186. A discriminating monopolist to reach equilibrium position, his decision on total output depends upon

- (a) How much total output should be produce ?
- (b) How the total output should be distributed between the two sub market ?
- (c) Both (a) and (b)
- (d) None

187. OMIT

188. Kinked demand curve is

- (a) Highly elastic at above the prevailing price
- (b) Inelastic at below the prevailing price
- (c) Both (a) and (b)
- (d) None of the above

189. OMIT

190. What is the characteristic of monopolistic competition?

- (a) Price elasticity is low for the product concerned
- (b) Large number of sellers
- (c) No degree of control over price
- (d) One buyer

191. If a perfectly competitive firm earns super normal profits then _____

- (a) $AR > MR$
- (b) $AR < MR$
- (c) $AR = MR$
- (d) None of the above

192. Live and let live is characteristics of which of the following market?

- (a) Perfect Competition
- (b) Monopoly Competition
- (c) Imperfect Competition
- (d) Oligopoly Competition

193. In which of the following market there are only two sellers?

- (a) Duopoly Competition
- (b) Perfect Competition

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(c) Monopoly Competition

(d) Perfect Competition and Duopoly

194. The degree of elasticity in perfect competition market.

(a) Perfectly elastic (b) Inelastic

(c) Perfectly inelastic (d) Elastic

195. A perfect competitive firm earns super normal profits when

(a) $ATC < MC$ (b) $ATC > MC$

(c) $MR < AR$ (d) $MR > AR$

196. A firm is said to earn normal profit when

(a) $AC = AR$ (b) $MC = MR$

(c) $AR = NH$ (d) $MC > MR$

197. OMIT

198. Group Behaviour is a characteristics of _____.

(a) Oligopoly (b) Monopoly

(c) Perfect Competition (d) Monopolistic Competition

199. Myth in Real world

(a) Oligopoly (b) Duopoly

(c) Perfect Competition (d) Monopoly

200. _____ oligopoly refers to that situation where the firms sell their products through a centralized body

Syndicate oligopoly (b) Organized oligopoly

(c) Collusive oligopoly (d) Partial oligopoly

201. The similarity between monopolistic and perfect competition is _____.

(a) In short run both earn super normal profit

(b) In long term both earn normal profit

(c) In short run their prices remain constant

(d) None

202. Which Market has a downward demand curve?

(a) Monopolistic competition (b) Monopoly

(c) Perfect competition (d) Both (a) and (b)

Solution :-

1	2	3	4	5
D	D	A	C	A
6	7	8	9	10
A	C	B	C	C
11	12	13	14	15
B	D	A	C	B
16	17	18	19	20
A	B	B	C	D
21	22	23	24	25
C	A	C		A

26	27	28	29	30
C	C	A	B	A
31	32	33	34	35
C	A		A	B
36	37	38	39	40
B	A	B	C	A
41	42	43	44	45
D	C	B		
46	47	48	49	50
B	A	A	A	A
51	52	53	54	55
B	A		D	A
56	57	58	59	60
D	D	B	D	D
61	62	63	64	65
C	C	B	B	
66	67	68	69	70
B	C	C	B	C
71	72	73	74	75
C	A	C	D	C
76	77	78	79	80
A	B	C	A	
81	82	83	84	85
	B	D	C	A
86	87	88	89	90
C	D	D	D	D
91	92	93	94	95
D	B	C	D	C
96	97	98	99	100
A	A	A & D		
101	102	103	104	105
	B	C	C	C

106	107	108	109	110
A	B	C	D	D
111	112	113	114	115
A		C	B	D
116	117	118	119	120
B	A	B	A	
121	122	123	124	125
B	A	C	B	B
126	127	128	129	130
D	C	D	B	B
131	132	133	134	135
C	B	A	A	B
136	137	138	139	140
A	B	B	A	
141	142	143	144	145
	D	A	C	A
146	147	148	149	150
C	A	C	C	C
151	152	153	154	155
C	D	C	C	C
156	157	158	159	160
	A	C	C	A
161	162	163	164	165
C				D
166	167	168	169	170
D	D			
171	172	173	174	175
			C	B
176	177	178	179	180
B			C	A
181	182	183	184	185
A	B	D	C	B

186	187	188	189	190
C		C		B
191	192	193	194	195
C	D	A	A	A
196	197	198	199	200
A		A	C	A
201	202			
B	D			