

BRAHMASTRA SERIES

Chapter : 4

PRICE DETERMINATION

IN

DIFFERENT

MARKET

1. 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 doe not bargain
 - (d) None of the above

2. Which one is not a part of the elements of a market ?
 - (a) Buyers and sellers
 - (b) A product or service
 - (c) Bargaining for a price
 - (d) volume of business

3. A market is a network of dealings between which of the following ?
 - (a) Dealers and wholesalers
 - (b) buyers and sellers
 - (c) owners and channel partners
 - (d) sales man and competitors

4. Which of the following is not an element of a market ?
 - (a) knowledge about market condition
 - (b) no bargaining for a price
 - (c) a product or service
 - (d) buyers and seller

5. Which of the following is not the element of markets ?
 - (a) a product / service
 - (b) bargaining of price
 - (c) knowledge about market conditions
 - (d) advertisement (or) brand awareness

6. Which one of the following is not element of market ?
 - (a) buyer
 - (b) service
 - (c) firm
 - (d) bargaining for price

7. Market consists of :
 - (a) buyer and seller
 - (b) one price for one product at a given time
 - (c) both (a) and (b)
 - (d) none

8. The price elasticity of demand of a firm in pure competition is :
 - (a) infinite
 - (b) finite
 - (c) large
 - (d) small

9. On the basis of nature of transaction, a market may be classified into :
- (a) wholesale and retail market
 - (b) cash and forward rate
 - (c) national and international market
 - (d) regulated and unregulated market
10. When commodities are sold in small quantities are called as which of the following ?
- (a) wholesale market
 - (b) regulated market
 - (c) spot market
 - (d) retail market
11. For market essential condition is :
- (a) A particular geographical place
 - (b) Control of the government
 - (c) Close contact between buyers and sellers
 - (d) None of these
12. Who conceived the 'time element' in market ?
- (a) Alfred Marshall
 - (b) Adam Smith
 - (c) Robert Malthus
 - (d) Schumpeter
13. On the basis of nature of transaction, a market can be classified into which of the following ?
- (a) Cash and forward market
 - (b) National international market
 - (c) Organized and unorganized market
 - (d) Retail and wholesale market
14. _____ conceived the "Time" element in markets and on the basis of this markets are classified into very short period, short-period, Long-Period & very long period.
- (a) Alfred Marshall
 - (b) Schumpeter
 - (c) Adam Smith
 - (d) Paul Samuelson

15. Grains sold in the market and paid cash immediately. Which types of market belongs to according to the nature of the transaction ?
- (a) Spot market (b) Forward market
(c) Wholesale market (d) Regulated market
16. 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.
17. Secular period is also known as :
- (a) Very short period (b) short period
(c) very long period (d) long period
18. Very short period market is suitable for which of the following products ?
- (a) Gold and silver (b) vegetable and fruits
(c) Bricks and sand (d) Supply of capital
19. On the basis of nature of transactions, market can be classified a _____.
- (a) Wholesale market and retail market
(b) Future market and spot market
(c) Regulated market and unregulated market
(d) Money market and future market
20. Example of a commodity said to have an international market is ?
- (a) Perishable goods
(b) High value and small bulk commodities
(c) product whose trading is restricted by government.
(d) bulky articles.
21. Stock exchange market is an example of :
- (a) unregulated market (b) regulated market
(c) spot market (d) none of the above

22. The market for ultimate consumer is known as :

- (a) wholesale market (b) regulated market
(c) unregulated market (d) retail market

23. The _____ is the market where the commodities are bought and sold in bulk or large quantities. Transaction generally take place between trades.

- (a) wholesale market (b) regulated market
(c) local market (d) retail market

24. _____ are those markets in which firm buy the resources they need (Land, Labour, Capital and entrepreneurship) to produce goods and services.

- (a) regular markets (b) producer's market
(c) product markets (d) factor markets

25. A market where goods are exchanged for money payable either immediately or within short span of time is :

- (a) forwarded market (b) regulate market
(c) wholesale market (d) spot market

26. When the commodities are sold in small quantities, it is called as :

- (a) Retail market (b) Wholesale Market
(c) Small Market (d) Local Market

27. Stock exchange is example of :

- (a) Regulated market (b) spot market
(c) forward market (d) retail market

28. 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

29. _____ implies that the time available is adequate for altering the supplies by altering even the fixed factors of production.
- (a) very short period (b) short period
(c) long period (d) secular period
30. A market where there is no restrictions on the transaction is called as :
- (a) regulated market (b) unregulated market
(c) spot market (d) future market
31. The classification of market on the basis of area does not include _____.
- (a) local market (b) regional market
(c) spot market (d) national market
32. 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
33. Which of the following competition is characterized many sellers, who are selling identical products to many buyers ?
- (a) Perfect competition (b) Monopolistic competition
(c) monopoly (d) Oligopoly
34. In _____, there are few sellers who are selling competing products to many buyers.
- (a) Monopoly (b) Perfect competition
(c) Oligopoly (d) none of these
35. The degree of control is very considerable in case of :
- (a) Monopoly (b) Perfect competition
(c) Oligopoly (d) None of these
36. Average revenue is also known as :
- (a) Price (b) Income (c) Revenue (d) None of the above

37. Average revenue curve is also known as :

- (a) Profit Curve (b) Demand curve
(c) Average cost curve (d) indifference curve

38. Total revenue curve is :

- (a) Positively Sloped (b) Negatively Sloped
(c) Downward Sloped (d) Vertical to X axis

39. Average revenue curve also called as :

- (a) Firm's demand curve (b) Total revenue curve
(c) marginal revenue curve (d) quantity curve

40. Another name of average revenue curve is :

- (a) Production possibility curve
(b) Demand curve
(c) Supply curve
(d) Indifference curve

41. Average revenue is the revenue earned :

- (a) per unit of input (b) per unit of output
(c) different units of inputs (d) different units of output

42. Average revenue can be symbolically written as :

- (a) MR / Q (b) Price \times Quantity
(c) TR / Q (d) none of the above

43. Total profits are maximized when :

- (a) TR equals TC (b) The TR curve and the TC curve are parallel
(c) TC exceeds TR (d) TR exceeds TC

44. When price is Rs.20, Quantity demanded is 10 units and price is decreased by 5% then quantity demand increased by 10% then marginal revenue is _____.

- (a) Rs.10 (b) Rs.11 (c) Rs.9 (d) Rs.20

45. If a seller obtains Rs.6,000 after selling 50 units and Rs.6,204 after selling 53 units, then marginal revenue will be :
- (a) 68 (b) 118 (c) 120 (d) 204
46. Average revenue is equal to :
- (a) The change in price due to a one unit change in output.
(b) Nothing but price of one unit if output
(c) The change in quantity divided by change in price.
(d) Graphically it denotes the firm's supply curve.
47. If a seller obtains Rs.3,000 after selling 50 units and Rs.3100 after selling 52 units, then marginal revenue will be :
- (a) Rs.59.62 (b) Rs.50.00
(c) Rs.60.00 (d) Rs.59.80
48. Assume that when price is Rs.40, the quantity demanded is 15 units and when price is Rs.38, the quantity demanded 16 units. Based on this information, what is the marginal revenue resulting from an increase in output from 15 units to 16 units :
- (a) 36 (b) 32 (c) 24 (d) 08
49. 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 if a commodity
(c) Sale if subsequent units of a product.
(d) None of the above
50. Suppose a seller realize Rs.100 by selling 10th unit of commodity and Rs.120 by selling 11th unit. What is the MR of 11th unit ?
- (a) 100 (b) 120 (c) 20 (d) 10

51. MR of nth 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

52. When a firm produces 7 units of production and TR is Rs.42 after raising the production to 8 units TR reached Rs.46 marginal revenue will be :

- (a) Rs.5 (b) Rs.6 (c) Rs.4 (d) Rs.8

53. Total revenue curve initially increases at a diminishing rate due :

- (a) diminishing average revenue curve
(b) diminishing marginal revenue curve
(c) diminishing average fixed revenue curve
(d) diminishing costs curve

54. Rajesh realizes Rs.6,000 while he is selling 60 units of mats and Rs.7,200 while selling 61 units. His marginal revenue is _____.

- (a) Rs.118 (b) Rs.1,200 (c) Rs.6000 (d) Rs.7,200

55. When $MR = 0$; then $TR = ?$

- (a) Minimum (b) Maximum (c) Zero (d) Infinity

56. MR of nth term :

- (a) TR_n / TR_{n-1} (b) $TR_n + TR_{n-1}$
(c) $TR_n - TR_{n-1}$ (d) $TR_n - TR_{n-1}$

57. When price is Rs.200, quantity demanded is 10 units. Then price decreases by 3% and quantity demanded increased by 20%. The marginal revenue will be :

- (a) Rs.164 (b) Rs.328
(c) Rs.300 (d) Rs.160

71. ABC Ltd. Realizes total revenue of Rs.6,000 by the sale of 120 units and Rs.6050 by the sale of 121 units. What is the average revenue when ABC Ltd. Sells 121 units ?

- (a) 50 (b) 100 (c) 6,000 (d) 6,050

72. When TR is at its peak then MR is equal to :

- (a) Zero (b) Positive (c) Negative (d) None of the above

73. When the price of a commodity is Rs.20. the quantity demanded is 9 units and when its price is Rs. 19, the quantity demanded is 10 units. Based on this information what will be the marginal revenue resulting from an increase in output from 9 units to 10 units ?

- (a) Rs.10 (b) Rs.19 (c) Rs.10 (d) Rs.01

74. When the marginal revenue = 0, then total revenue is _____ if the slope of TR is 0

- (a) Maximum (b) minimum
(c) increasing (d) Decreasing

75. 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) $MR = \frac{TR}{Q}$

76. 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 of these

77. 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 of these

78. Find the marginal revenue (MR) of markets A and B respectively. Where the AR in both the market is 21 and elasticities of demand in market A and B are 3 and 7 respectively
(a) 18, 14 (b) 14, 18 (c) 16, 19 (d) 19, 16
79. When total revenue (TR) is at the peak marginal revenue is equal to :
(a) Zero (b) Positive (c) Negative (d) more than one
80. As a price of Rs.20 the quantity demanded is 10 units. With 5% decrease in price the demand increase by 10%. The marginal increases by 10%. The marginal revenue for the 11th unit will be :
(a) Rs.20 (b) Rs.12 (c) Rs.9 (d) Rs.11
81. 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
82. When $e = 1$ then MR is :
(a) Positive (b) Zero (c) One (d) Negative
83. When $e < 1$ then MR is :
(a) Negative (b) zero (c) Positive (d) One
84. When $e > 1$ then MR is :
(a) Zero (b) Negative (c) Positive (d) One
85. Demand for a product is unitary elastic then :
(a) $MR = 0$ (b) $MR > 0$
(c) $MR < 0$ (d) None of the above
86. If there is change in both demand & supply but the change in demand is less than the change in supply, then what is the influence on price.
(a) No change (b) Increase
(c) Decrease (d) uncertain change

87. Given, AR = 5 and elasticity of demand = 2 Find MR.

- (a) + 2.5 (b) - 2.5 (c) + 1.5 (d) + 2.0

88. 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 lowered
(d) All of these

89. 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

90. In a straight line demand curve, the price elasticity at the middle point is equal to _____

- (a) 0 (b) 1 (c) > 1 (d) < 1

91. Which one of the following is correct?

- (a) $MR = AR \times \frac{e-1}{e}$ (b) $MR^2 = AR^2 \times \frac{e-1}{e}$
(c) $MR = AR \times \frac{e}{e-1}$ (d) $MR = AR \times \frac{(e-1)^2}{e}$

92. Marginal revenue will be positive where price elasticity of demand is :

- (a) Zero (b) More than one
(c) Less than one (d) Equal to one

93. The marginal revenue corresponding to the middle point of the demand curve (or AR curve) will be :

- (a) Zero (b) One (c) Less than one (d) More than one

94. Total revenue curve initially increases at a diminishing rate due to :

- (a) Diminishing average revenue curve
- (b) Diminishing marginal revenue curve
- (c) Diminishing average fixed revenue curve.
- (d) Diminishing cost curve

95. 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 expending output to the level where marginal revenue is equal to marginal cost.
- (c) Both (a) and (b)
- (d) None of these

96. Time element was conceived by :

- (a) Adam Smith (b) Alfred Marshall
- (c) Pigou (d) Lionel Robinson

97. 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

98. 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

99. A firm should _____ if the total revenue from its product does not _____ its total valuable cost.

- (a) Produce, equal (b) Produce at all, equal or exceed
- (c) Not Produce, equal (d) Not Produce, equal or exceed

100. As per Behavioural Principles, it will be profitable for the firm to expand output for the firm to expand output whenever marginal _____ is _____ than marginal _____.

- (a) Cost, greater, Revenue (b) Revenue, greater, cost
(c) revenue, less, cost (d) none of the above

101. As per behavioural principle, which one of the following statement is correct ?

- (a) If any unit of production adds more to revenue than to cost, that cost, that unit will increase profits.
(b) If any unit of production adds more to cost, than to revenue , it will decrease profits.
(c) Profits will be maximum of the from a unit equals to its additional cost.
(d) All of the above.

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

| Price (Rs.) | Demand (tones per annum) | Supply (tones per annum) |
|-------------|--------------------------|--------------------------|
| 1 | 1,000 | 400 |
| 2 | 900 | 500 |
| 3 | 800 | 600 |
| 4 | 700 | 700 |
| 5 | 600 | 800 |
| 6 | 500 | 900 |
| 7 | 400 | 1,000 |
| 8 | 300 | 1,100 |

- (a) Rs.2 (b) Rs.3 (c) Rs.4 (d) Rs.5

103. 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

104. Equilibrium price may be determined through :

- (a) Only demand (b) Only supply
(c) Both demand & supply (d) None

105. When marginal revenue is equal to marginal cost then _____ ?

- (a) minimum loss (b) maximum profit
(c) minimum profit (d) maximum loss

106. The equilibrium quantity increases but the change in equilibrium price is uncertain , when :

- (a) Both demand and supply decrease.
(b) Demand increases and supply decreases
(c) Both supply and demand increases
(d) Demand increases and supply increases.

107. _____ is price at which quantity demand of a commodity = quantity supply and there is no unsold stock or no excess demand.

- (a) market clearance price (b) disequilibrium price
(c) Psychological Price (d) Skimming Price

108. From the following table, what will be equilibrium market price ?

| Price (Rs.) | Demand (tones per annum) | Supply (tones per annum) |
|-------------|--------------------------|--------------------------|
| 1 | 500 | 200 |
| 2 | 450 | 250 |
| 3 | 400 | 300 |
| 4 | 350 | 350 |
| 5 | 300 | 400 |
| 6 | 250 | 450 |
| 7 | 200 | 500 |
| 8 | 150 | 550 |

- (a) Rs.2 (b) Rs.3 (c) Rs.4 (d) Rs.5

109. The equilibrium is restored automatically through :
- (a) The fundamental working of the market.
 - (b) Price movements eliminate short age or Surplus.
 - (c) Both (a) and (b)
 - (d) None of these
110. _____ 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
111. 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
112. 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 increases in price but a decrease in equilibrium quantity
 - (c) An overall decrease in price but a decrease in equilibrium quantity
 - (d) No change in overall price but a reduction in equilibrium quantity.
113. When factors other than price changed causes the supply curve to shift to the left, then it is
- (a) expansion of supply
 - (b) contraction of supply
 - (c) increase in supply
 - (d) decrease in supply
114. If supply decreases and demand remains constant, then equilibrium price will be :
- (a) Increases
 - (b) Decreases
 - (c) No change
 - (d) become negative

115. 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
116. An increase in supply with demand remaining the same, brings about :
- (a) An increase in equilibrium quantity and decrease in equilibrium price.
 - (b) An increase in equilibrium price and decrease in equilibrium quantity
 - (c) Decrease in both equilibrium price and quantity
 - (d) None of these
117. 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
118. 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 utilization 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.
119. Which of the following may lead to changes in demand and supply ?

- (a) income and population (b) tastes and preferences
(c) technology & prices of factors of production
(d) all of the above.

120. Changes in demand & supply may be due to :

- (a) increase in price (b) decrease in price
(c) change in determination of demand & other
(d) none of the above

121. 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)

122. Lower prices in railways for senior citizens is a typical example of :

- (a) concessional pricing (b) marginal cost pricing
(c) differential pricing (d) subsidized pricing

123. 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

124. 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.

130. If demand does not change but there is an increase in supply due to improved technology, then ?
- (a) demand curve will shift to the right
 - (b) demand curve will shift to the left
 - (c) supply curve will shift to the right
 - (d) supply curve will shift to the left.
131. When the supply and demand curves shift in the same direction and both demand and supply _____, the equilibrium quantity _____ but the change in equilibrium price is _____.
- (a) Increase, Increase, uncertain
 - (b) Increase, Increase, Increase
 - (c) Increase, Increase, decrease
 - (d) None of the above
132. When demand increases and supply _____, the equilibrium price _____ but nothing certain can be said about the change in equilibrium quantity.
- (a) decreases, decreases
 - (b) decreases, rises
 - (c) decreases, remain constant
 - (d) none of the above
133. If demand increases without any corresponding increase in supply, there will be :
- (a) Increase in equilibrium price
 - (b) Quantity sold increases
 - (c) Quantity purchased increases
 - (d) All of the above

134. Identify correct possible outcome when the supply and demand curves shift in the same direction.

- (a) When demand increases and supply decreases, the equilibrium price rises but nothing certain can be said about the change in equilibrium quantity.
- (b) When both demand and supply increase, the equilibrium quantity increases but the change in equilibrium price is uncertain.
- (c) When both demand and supply decrease, the equilibrium quantity increases but change in equilibrium price is uncertain.
- (d) When demand decreases and supply increases, the equilibrium price falls but nothing certain can be said about the change in equilibrium quantity.

135. Increase in demand and decrease in supply causes _____

- (a) equilibrium price uncertain, equilibrium quantity rises
- (b) equilibrium price rises, equilibrium quantity falls
- (c) equilibrium price rises, equilibrium quantity uncertain
- (d) equilibrium price falls, equilibrium quantity uncertain

136. There can be simultaneous change in both demand and supply. In what case, the equilibrium price will be :

- (a) Increased
- (b) Decreased
- (c) changes as per the proportionate change in demand & supply
- (d) none of the above

137. Identify the effect on equilibrium price and quantity demanded due to increase in supply , with demand remaining the same.

- (a) The equilibrium price will go up, quantity demanded will go up.
- (b) The equilibrium price will go down, quantity demanded will go up.
- (c) The equilibrium price will go down, quantity demanded will go down.
- (d) The equilibrium price will go up, quantity demanded will go down.

138. 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
139. Under perfect competition, price elasticity of demand of a firm is :
- (a) Large
 - (b) Slight
 - (c) Infinite
 - (d) Extreme
140. 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
141. 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 exits into and out of the market
142. 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 exits into and out of the market
143. Which is not the characteristic of perfect competition ?
- (a) Large number of sellers
 - (b) Freedom of entry and exit
 - (c) No supernormal profits in the long-run
 - (d) inefficient allocation of resources

144. _____ is a ideal market.

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

145. A firm, to attain the equilibrium position under perfect competition has to satisfy which of the following conditions ?

- (a) $MR > MC$ (b) $MR = MC$
(c) MR curve should cut MC curve from below
(d) MC curve should cur MR curve from below

146. 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

147. Under which of the following market condition both average and marginal revenue are same ?

- (a) Perfect competition (b) monopoly
(c) monopolistic competition (d) oligopoly

148. In the market structure, demand curve is also known as :

- (a) Marginal cost curve (b) Average revenue curve
(c) Total production curve (d) marginal utility curve

149. 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 faces a downward-sloping demand curve.
(c) The individual firm has assets of less than Rs.20 lakhs.
(d) The individual firm is unable to affect market price through its output decisions.

150. Suppose that the demand curve for the XYZ Co. slopes downward and to the right. We can conclude suppose that the demand curve for the XYZ co. slopes downward and to the right. We can conclude :
- (a) The firm operates in perfectly competitive market.
 - (b) The firm can sell all that it was 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 maximize profits because price and revenue are subjects to change
151. A firm will earn _____ at equality between MC and MR.
- (a) Maximum profit
 - (b) Minimum profit
 - (c) Maximum loss
 - (d) No (zero) Profit
152. 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.
153. What is true about the perfect competition market ?
- (a) $AR = MR = PRICE$
 - (b) $AR = AC = P$
 - (c) $AR > AC$
 - (d) None
154. 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.
155. MR curve = AR = Demand curve is a feature of which kind of market ?
- (a) perfect competition
 - (b) monopoly
 - (c) monopolistic
 - (d) oligopoly

156. Which of the following is NOT characteristic of a “Price taker”.
- (a) $TR = P \times Q$ (b) $AR = \text{Price}$
(c) $MR = \text{Price}$ (d) negatively sloping demand curve
157. If a perfect competition firm is making losses then which condition is suitable. To carry on business as long as it covering variable cost.
- (a) Shutdown (b) expand it's plant
(c) do nothing (d) reduce productions
158. Demand curve is equal to M.R. curve in which market ?
- (a) Oligopoly (b) Monopoly
(c) Monopolistic competition (d) perfect competition
159. A perfect market is characterized by :
- (a) existence of large number of buyers and sellers
(b) homogeneous products
(c) perfect knowledge of the market
(d) all of the above
160. Elasticity of demand under perfect competition is :
- (a) one (b) Two (c) Zero (d) Infinite
161. ‘Zero economic profit’ emerges due to which of the following condition?
- (a) Average revenue is more than average total cost.
(b) Average revenue is just equal to average total cost.
(c) Marginal revenue is just equal to average total cost.
(d) Marginal revenue is just equal to marginal cost.
162. 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

163. Agricultural goods markets depict characteristics close to :
- (a) Perfect competition (b) Oligopoly
(c) Monopoly (d) Monopolistic competition
164. 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.
165. 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
166. 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.
167. 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
168. The price elasticity of demand for a product is infinite under :
- (a) Perfect competition (b) Monopolistic competition
(c) monopoly (d) oligopoly

169. 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
170. The condition for pure competition is :
- (a) Large number of buyer and seller free entry and exits
(b) Homogeneous product
(c) Both (a) and (b)
(d) Large number of buyer and seller homogeneous product, perfect knowledge about the product.
171. 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 completion will be heterogeneous.
(d) Product differentiation is peculiar to monopolistic completion.
172. 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 Completion
(c) Oligopoly (d) Perfect competition
173. What is incorrect about perfect competition ?
- (a) All firms are price takers.
(b) Firms have to accept the price determined by the market forces of total demand & total supply
(c) The assumption of price taking does not applies to consumers
(d) All are incorrect.
174. The essential feature of pure competition is _____.
- (a) Presence of monopoly (b) absence of monopoly
(c) dual existence of pure competition & monopoly
(d) all of the above

175. The condition of perfect competition are fulfilled to same extent in case of :

- (a) Agricultural products (b) Financial instruments
(c) precious metals (d) all of the above

176. Which out of the these are not a feature of perfect competition ?

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

177. Perfectly competitive markets have _____ transactions costs.

- (a) Absolutely no (b) very low
(c) high (d) very high

178. Which among the following market situation is known as a 'myth in the market' ?

- (a) Duopoly (b) Oligopoly
(c) Discriminating (d) perfect competition

179. Which of the following statement is correct ?

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

180. An industry in economic terminology consists of a _____ number of _____ firms.

- (a) large, independent (b) large, dependent
(c) small, independent (d) small, dependent

181. In case of perfect competition , the industry is in equilibrium , when
- (a) There is enough demand of products in the market.
 - (b) There is enough Supply of products in the market.
 - (c) Total output of the industry is equal to the total demand.
 - (d) Total output is less than the quantity demanded
182. Price under perfect competition is determined by the :
- (a) firm
 - (b) industry
 - (c) government
 - (d) society
183. A competition in which many sellers selling identical products to a large number of buyers.
- (a) Monopolistic competition
 - (b) Oligopoly
 - (c) Perfect competition
 - (d) Imperfect competition
184. 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
185. Who sets the price of the product under perfect competition ?
- (a) government
 - (b) consumers
 - (c) sellers
 - (d) both buyers and sellers
186. A firm is said to be in equilibrium when _____
- (a) it is maximizing its profits
 - (b) it has no incentive to expand production
 - (c) it has no incentive to contract production
 - (d) all of the above
187. 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

188. 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

189. 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

190. Average revenue curve is also known as :

- (a) Profit curve
- (b) Demand curve
- (c) supply curve
- (d) average cost curve

191. 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

192. Which of the following statement 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.

193. What is the shape of perfectly competitive average revenue curve ?

- (a) Parallel to X axis
- (b) Parallel to Y axis
- (c) fall from left to right
- (d) rise from left to right

194. 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

195. 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

196. Which of the following is supply curve of competitive firm in short run ?

- (a) Average variable cost curve
(b) Average total cost curve
(c) Marginal cost curve
(d) Average fixed cost curve

197. Under which market situation demand curve is linear and parallel to X axis :

- (a) Perfect competition (b) monopoly
(c) monopolistic competition (d) Oligopoly

198. 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.

199. In which type of the following market product is homogeneous in nature?

- (a) Pure oligopoly (b) Pure monopoly
(c) Pure duopoly (d) Pure competition

200. 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

201. Perfectly competitive firm faces :

- (a) Perfectly elastic demand curve
(b) Perfectly inelastic demand curve
(c) Zero
(d) Negative

202. It will be profitable for a firm to expand output till which of the following condition ?

- (a) Marginal revenue is greater than marginal cost
(b) Marginal revenue is less than marginal cost
(c) Marginal cost is greater than marginal revenue
(d) Marginal revenue is equal to marginal cost

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

- (a) When TR is minimum , the MR is zero
(b) MR can be negative
(c) MR slope downward from left to right
(d) MR curve is below AR curve

204. 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

205. In perfect competition when the firm is a price taker, which curve among the following will be a straight line ?

- (a) marginal cost (b) average cost
(c) total cost (d) marginal revenue

206. 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 exist from the market place.
207. It is the amount of revenue from sales which exactly equals the amount of expense.
- (a) shut down point
 - (b) break even point
 - (c) profit point
 - (d) none
208. A competitive firm should shut down production if the price is :
- (a) below AVC
 - (b) equal to AVC
 - (c) below ATC
 - (d) equal to ATC
209. 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.
210. In which of the following , prices are determined by market forces of demand and supply ?
- (a) Duopoly competition
 - (b) perfect competition
 - (c) monopolistic competition
 - (d) natural market
211. Which perfect completion firm is described as :
- (a) Price taker and not price maker.
 - (b) Price maker and not price taker.
 - (c) Neither price maker nor price taker.
 - (d) None of the above.

212. Which of the following statement is false as regards perfect competition ?
- (a) Firm is said to be in equilibrium when it maximizes its profits.
 - (b) The output which gives maximum profit to the firm is called equilibrium output.
 - (c) In the equilibrium state, the firm has no incentive either to increase or decrease its output.
 - (d) Firms in a competitive market are price makers.
213. 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) $AC = AR$
214. For maximum profit, the condition is :
- (a) $AR = AC$
 - (b) $MR = MC$
 - (c) $MR = AR$
 - (d) $MC = AR$
215. Condition for producer equilibrium is :
- (a) $TR = TVC$
 - (b) $MC = MR$
 - (c) $TC = TAC$
 - (d) none of these
216. 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
217. In a perfectly competitive market the market demand curve of a firm is :
- (a) elastic
 - (b) perfectly elastic
 - (c) inelastic
 - (d) perfectly inelastic
218. 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

219. If in a short run perfect competition earn super normal profit then which condition satisfy ?
- (a) $ATC > MC$ (b) $ATC < MC$
(c) $MR < AR$ (d) $MR > AR$
220. Which is the first order condition for the firm to maximize the profit.
- (a) $AC = MR$ (b) $AC = MR$
(c) $MC = MR$ (d) $MR = MR$
221. Average revenue curve is also known as :
- (a) Profit curve (b) demand curve
(c) average cost curve (d) indifference curve
222. Condition for equilibrium of firm :
- (a) $MR = MC$ (b) $AR = AC$
(c) MC curve cuts MR curve from below
(d) both (a) and (c)
223. Demand curve is horizontal in the case of :
- (a) Monopoly (b) Perfect Competition
(c) Imperfect competition (d) monopolistic Competition
224. In the short run, a firm operates with a _____ amount of capital and must choose the level of its _____ so as to _____ profits.
- (a) Fixed, Variable inputs, maximize
(b) Variable, fixed inputs, minimize
(c) Fixed, fixed inputs, maximize
(d) Valuable, variable inputs, minimize
225. At the equilibrium position of a firm under perfect competition, _____.
- (a) The Marginal revenue is equal to the marginal cost.
(b) The MC curve cuts MR curve from below
(c) Both (a) & (b)
(d) Either (a) or (b)

226. 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.
227. In the perfect competition, an individual firm demand curve is :
- (a) Horizontal (b) downward sloping
(c) upward sloping (d) vertical
228. Which of the following conditions exhibits long run equilibrium of the industry under perfect competition ?
- (a) $MR = LMC = AR = LAC = SAC = SMC$
(b) $MR = LMC = AR > LAC$
(c) $MR = LMC = AR < LAC$
(d) $MR = LMC = AR > SAC$
229. In a perfectly competitive industry, the MC curve of a firm depicts :
- (a) The industry demand curve (b) The firms demand curve
(c) The industry's supply curve (d) The firms supply curve
230. As regards short run supply curve of the firm in a competitive market, for prices _____ average variable cost, the firm will supply _____ units because the firm is _____ to meet even its variable cost.
- (a) Above, maximum, unable
(b) Below, zero, unable
(c) Above, maximum, able
(d) Below, zero, able
231. When the average revenues are more than its average total cost, the firm is said to have earned :
- (a) Normal Profits (b) Super Normal Profits
(c) Exceptional Profits (d) Expected Profits

232. The total cost of production is Rs.40,000 (1,000 units). If the firm is selling the product at Rs.45 per unit, it is earning _____.
- (a) Normal Profits @ Rs. 5 per unit
(b) Normal Profits @ Rs. 45 per unit
(c) Super Normal Profits @ Rs. 5 per unit
(d) Super Normal Profits @ Rs. 45 per unit
233. Price elasticity of demand by a firm facing perfect competition is :
- (a) Large (b) very small (c) Small (d) Infinite
234. When $AR = Rs.10$ and $AC = Rs.8$ the firm makes _____ :
- (a) Normal Profit (b) Net profit
(c) Gross profit (d) super normal profit
235. 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
236. 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
237. If a perfectly competitive firm earns super normal profits then _____.
- (a) $AR > MR$ (b) $AR < MR$
(c) $AR = MR$ (d) None of the above
238. When _____ we know that the firm is earning just normal profits.
- (a) $AC = MR$ (b) $MC = MR$
(c) $MC = AC$ (d) $AR = MR$

239. When _____ we know that the firms must be producing at the minimum point of the average cost curve and so there will be productive efficiency.
- (a) $AC = MR$ (b) $MC = AC$ (c) $MC = MR$ (d) $AR = MR$
240. 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.
241. When _____ there will be a locative efficiency meaning thereby that the cost of the last unit exactly equal to the price consumers are willing to pay for it and so that the right people at the right price.
- (a) $MC = MR$ (b) $MC = AC$
(c) $MC = AR$ (d) $AR = MR$
242. 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
243. A competitive firm in the short run incur losses. The firm continues production, if :
- (a) $P > AVC$ (b) $P = AVC$ (c) $P < AVC$ (d) $P \geq AVC$
244. If under perfect competition, the price line lies below the average cost curve, the firm would :
- (a) Make only Normal profits (b) Incur losses
(c) Make abnormal profit (d) Profit cannot be determined

245. In which market prices are determined by the market forces of demand and supply ?

- (a) Perfect competition (b) Pure competition
(c) Monopolistic Competition (d) Oligopoly

246. 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

247. A firm encounters “shut down” point when _____.

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

248. 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.

249. A competitive firm in the short run incurs losses. The firm continues production, if :

- (a) $P > AVC$ (b) $P = AVC$ (c) $P < AVC$ (d) $P \geq AVC$

250. In perfect competition, if a firm is unable to meet its average variable cost, it will be better for it to shut-down. This shut-down _____.
- (a) is permanent
 - (b) is temporary
 - (c) may be temporary as the firm resumes production when the market price rises
 - (d) none of the above
251. The firm can be in an equilibrium position and still makes losses. This is the situation where _____.
- (a) $AR = AC$
 - (b) $AR > AC$
 - (c) $AR < AC$
 - (d) either (b) or (c)
252. Under perfect competition, in the long run, there will be no _____.
- (a) Normal profits
 - (b) Super normal profits
 - (c) Production
 - (d) Costs
253. 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
254. Under _____ market condition, firms make normal profits in the long run.
- (a) Perfect competition
 - (b) Monopoly
 - (c) Oligopoly
 - (d) None
255. What are the conditions for the long run equilibrium of the competition firm ?
- (a) $LMC = LAC = P$
 - (b) $SMC = SAC = LMC$
 - (c) $R = MR$
 - (d) All of these

256. In the long run , which of the following statement is true for a firm in a perfectly competitive industry ?
- (a) It operates its minimum average cost.
 - (b) The price is more than the average fixed cost.
 - (c) The marginal cost is greater than marginal revenue.
 - (d) The fixed cost is lower than the total variable cost.
257. “I am making a loss, but with the rent I have to pay, I cant 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.
258. In long run equilibrium undue perfect completion is/are satisfied by which condition.
- (a) $MC = MR$
 - (b) $AC = MR$
 - (c) $CMC = LAC = P$
 - (d) all of the above
259. In long run perfect competitive market incurs :
- (a) Normal profit
 - (b) super normal profit
 - (c) losses
 - (d) constant returns
260. A long run competitive equilibrium of a perfectly competitive industry occurs when :
- (a) All firms in the industry are in equilibrium.
 - (b) No firm has an incentive either to enter or exit the industry
 - (c) The price of the product is such that the quantity supplied by the industry is equal t the quantity demanded by consumers.
 - (d) All above three conditions hold true.

261. In the long run , under perfect competition, there will be optimum allocation of resources and _____

- (a) $LAR = LMR$ (b) $LAR = LMR = P$
(c) $LAR = LMR = P = LMC$ (d) $LAR = LMR = P = LMC = LAC$

262. Price discrimination cannot persist under the following market form :

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

263. Monopoly may arise in a product market because _____.

- (a) a significantly important resource for the production of the commodity is owned by a single form.
(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 of the above.

264. Which of the following is not a feature of the monopoly market ?

- (a) Large seller of the product
(b) No close – substitutes
(c) Market power
(d) Single seller of the product

265. Monopolistic can determine :

- (a) Price (b) Output (c) Either price or output (d) none

266. A market structure where there is only a single buyer and a single seller is called :

- (a) Duopoly (b) monopoly
(c) Bilateral monopoly (d) Oligopoly

267. 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
268. Under monopoly market condition MR is _____ than the AR.
- (a) Less (b) Greater (c) Equal (d) Variable
269. 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
270. Which of the following is not a feature of the monopoly market ?
- (a) Single seller of the product
(b) Large sellers of the product
(c) No close substitutes
(d) Market power
271. Monopoly firm faces which demand curve ?
- (a) Downward sloping (b) horizontal
(c) Rising (d) all of these
272. Which of the following is the distinguishing characteristic of oligopolies?
- (a) A standardized product
(b) the goal profit maximization
(c) the interdependence among firms
(d) downward – sloping demand curves faced by firms.
273. 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

274. 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
275. Relation between AR and MR in a monopoly is stated as
- (a) AR can zero, MR can be zero or negative
 - (b) AR and MR both are upward sloping
 - (c) AR curve lies halfway between MR and Y axis
 - (d) Slope of MR is twice that of AR
276. In which form of market, patents and copyrights given by the government to protect the intellectual property rights ?
- (a) Perfect competition
 - (b) Monopoly
 - (c) Monopolistic competition
 - (d) Oligopoly
277. Monopoly is undersirable due to :
- (a) It has prices higher than competition firms
 - (b) It produces less output than competitive firms
 - (c) It discriminates on prices
 - (d) All of the above
278. A monopolist is a :
- (a) Price – maker
 - (b) Price - taker
 - (c) Price – adjuster
 - (d) none of the above
279. A market structure in which there is only a single buyer and a single seller is known as :
- (a) Bilateral monopoly
 - (b) Duopoly
 - (c) Oligopsony
 - (d) monopsony
280. Under monopoly , the degree of control over price is :
- (a) None
 - (b) Some
 - (c) Very considerable
 - (d) None of the above

281. The demand curve of the firm and industry will be same in which form of market :

- (a) monopolistic competition (b) perfect completion
(c) monopoly (d) oligopoly

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

- (a) Oligopoly (b) Duopoly
(c) Bilateral monopoly (d) monopsony

283. Which market is having a single seller and single buyer ?

- (a) Duopoly (b) monopsony
(c) bilateral monopoly (d) none of the above

284. Price under monopoly is higher than price under :

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

285. Monopoly is a situation in which :

- (a) There is a single of a product
(b) The product has no close substitute
(c) Both (a) & (b)
(d) Neither (a) nor (b)

286. Which of the following is the characteristic of monopoly ?

- (a) Industry is dominating by larger number of firms
(b) Freedom to entry and exit
(c) No close substitutes
(d) Only two firms in the market

287. In a monopolistic market, there are _____ barriers to entry.

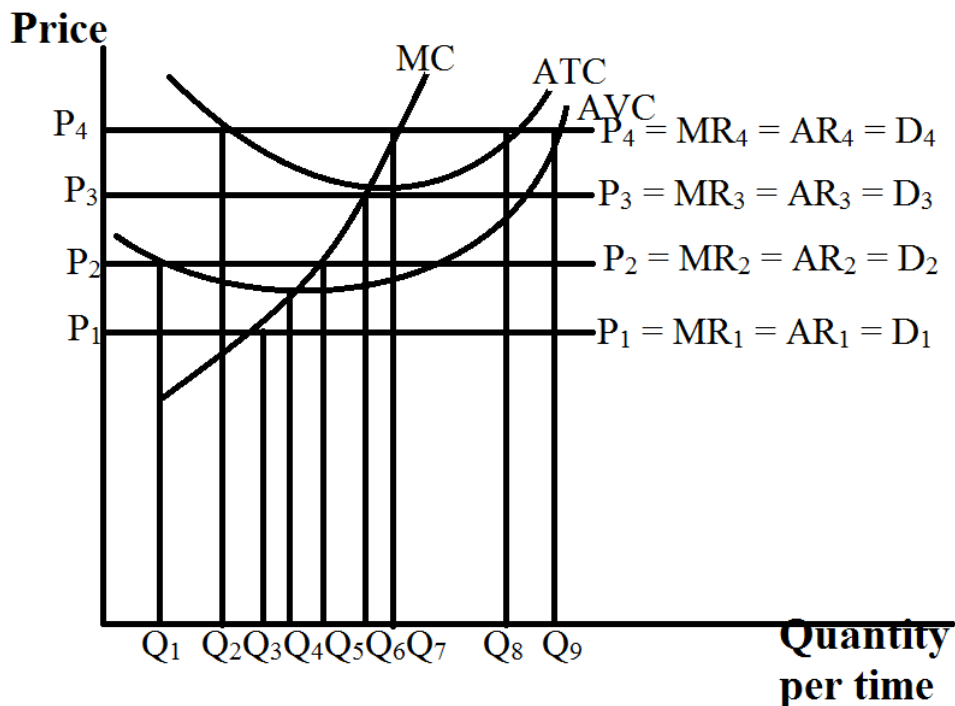
- (a) No (b) Negligible (c) Light (d) Strong

288. Which is the characteristic feature of monopoly ?
- (a) Homogenous goods (b) strong barriers to entry
(c) perfect competition (d) perfectly elastic demand curve
289. Discriminating monopoly implies that the monopolist charges different prices for his commodity ?
- (a) From different group of consumers
(b) For different uses
(c) At different places
(d) Any of the above
290. 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
291. 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 maximize profits because price and revenue are subject to change.
292. The demand curve of a monopoly firm will be :
- (a) upward sloping (b) downward sloping
(c) horizontal (d) vertical
293. 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

294. 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
295. 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
296. 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.
297. 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
298. 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
299. 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.
300. When price is less than average variable cost at the profit – maximizing 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) Shutdown, since it will lose nothing in that case.
- (d) Shutdown, since it cannot even cover its variable costs if it stays in business.

301. At price P_1 , the firm in the figure would produce :



- (a) Zero output
- (b) Q_3
- (c) Q_5
- (d) Q_6

302. 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

303. 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

304. A monopolist is able to maximize his profits when :
- (a) His output is maximum
 - (b) He changes a high price.
 - (c) His average cost is minimum
 - (d) His marginal cost is equal to marginal revenue.
305. For a monopolist, the necessary condition for equilibrium is :
- (a) $P = MC$
 - (b) $P = MR = AR$
 - (c) $MR = MC$
 - (d) none
306. A monopolistic can fix :
- (a) Both price and output
 - (b) either price or output
 - (c) neither price nor output
 - (d) none of the above
307. 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
308. Supernormal profits occur, when :
- (a) total revenue is equal to total cost
 - (b) total revenue is equal to variable
 - (c) average revenue is more than average cost
 - (d) average revenue is equal to average cost
309. A monopolist has to determine :
- (a) His output
 - (b) The price of his product
 - (c) total market demand
 - (d) both (a) & (b)
310. A monopolist faces _____ sloping demand curve :
- (a) Upward
 - (b) downward
 - (c) Horizontal to X axis
 - (d) Horizontal to Y axis

311. In case of monopoly , the firm and industry are _____
- (a) Different (b) Identical
(c) Similar (d) Opposite to each other
312. 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 statement is correct ?
- (a) The firm should shutdown in order to minimize 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
313. 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
314. Price discrimination will be profitable only if the elasticity of demand in different sub-markets is :
- (a) Uniform (b) Different (c) Less (d) Zero
315. Price discrimination refers to the practices of changing _____ prices for _____ unit of the _____ commodity.
- (a) different, different, same (b) same, different, same
(c) same, same, same (d) different, same, same
316. Price discrimination is one of the features of :
- (a) Monopolistic competition (b) Monopoly
(c) Perfect competition (d) Oligopoly
317. When the monopolistic 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

318. Under _____ the monopolistic 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

319. Price discrimination is related to :

- (a) Time
- (b) Size of the purchase
- (c) Income
- (d) Any of the above

320. 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 the above

321. Which one of the following statement is incorrect ?

- (a) Competitive firms are price takers and not price markets.
- (b) Price discrimination is possible in monopoly only
- (c) Duopoly may lead to monopoly
- (d) Competitive firm always seeks to discriminate prices

322. For a discriminating monopolist the condition for equilibrium is :

- (a) $MR > MC$
- (b) $MR_1 = MR_2$
- (c) $MR_a = MR_b = MC$
- (d) all of the above

323. Price discrimination can take place only in :

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

324. 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

325. 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

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

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

327. A discriminating monopolistic to each equilibrium position, his decision on total output depends upon :

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

328. Price discrimination is possible only in :

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

329. If electricity department is charging Rs.3 per unit to farmers and Rs.7 per unit to industries, it is described as

- (a) Product differentiation
- (b) Price discrimination
- (c) Monopoly
- (d) Differentiation activity

330. Which of the following is not an objective of price discrimination ?

- (a) To enjoy economics of scale
- (b) To dispose off surplus stock
- (c) To escape foreign market
- (d) To secure equity through pricing

331. Price discrimination will not be profitable, if the elasticity of demand is _____ in different markets.

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

332. Product differentiation is the condition of which of the following market?

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

333. Which feature of monopolistic of competition differ from perfect competition ?

- (a) Large number of sellers (b) Freedom of entry and exit
(c) Product differentiation (d) No super normal profits in long run

334. 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
(d) The price elasticity of demand is uniform

335. Monopolistic can fix him price of goods whose elasticity is :

- (a) Less than 1 (b) More than 1
(c) Elastic (d) Inelastic

336. "Price Discrimination" can be best exercised by the seller in :

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

337. A discriminating monopolistic will charge a higher price in the market in which then demand for its product is :

- (a) Highly elastic
- (b) Relatively elastic
- (c) Relatively inelastic
- (d) Perfectly elastic

338. 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

339. Electricity commission sells electricity at cheaper rate for home consumption in rural areas than for industrial consumption. This is an example of :

- (a) Perfect competition
- (b) Price discrimination
- (c) Product discrimination
- (d) Price taker

340. 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

341. In the long run monopolistic :

- (a) Incur losses
- (b) must earn super normal profits
- (c) wants to shut down
- (d) earns only normal profits

342. Competitive firms in the long run earn :

- (a) Super normal profit
- (b) normal profit
- (c) losses
- (d) none

343. In the long-run monopolistic can :

- (a) Incur losses
- (b) Must earn super normal profits
- (c) wants to shut – down
- (d) earns only normal profits

344. In the long run a monopolist always earns :

- (a) Normal Profits
- (b) abnormal profit

- (c) zero profit (d) loss

345. Abnormal profits exist in the long run only under _____

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

346. The electricity companies sell electricity at a cheaper rate for home consumption in rural areas than for industrial use. It is example of :

- (a) Price – discrimination (b) Price - Adjustment
(c) Price – Variability (d) Price – biased attitude

347. Combination of monopoly market and monopsony market is called as :

- (a) Duopoly market (b) Oligopoly market
(c) bilateral monopoly market (d) monopolistic market

348. 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

349. Firms in a monopolistic market are price _____ :

- (a) Takers (b) Givers (c) Makers (d) Acceptors

350. 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

351. 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

352. In the long run monopolistic comp. and perfect comp. are same because of :

- (a) normal profit (b) abnormal production
(c) losses (d) none of these

353. Extreme product differentiation is found in which market ?

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

354. Which of the following is an example of monopolistic competition ?

- (a) De beers and Diamond (b) Hotels and pub
(c) Microsoft and window (d) Dell and Lenovo

355. The relationship between AR and MR of a monopoly firm or imperfect competition is :

- (a) AR cannot be zero, but MR can be zero or negative
(b) AR can be zero, MR also be zero or negative
(c) AR cannot be zero, MR cannot be zero or negative
(d) AR can be zero, but MR cannot be zero or negative

356. 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.

357. Which market have characteristic of product differentiation ?

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

358. Which of the following is not the feature of an imperfect competition ?
(a) Product differentiation (b) Few sellers
(c) Homogeneous products (d) Price wars
359. Tooth paste industry is an example of _____.
(a) Monopoly (b) Monopolistic competition
(c) Oligopoly (d) perfect competition
360. The structure of the toothpaste industry in India is best described as :
(a) Perfectly competitive (b) monopolistic
(c) monopolistically competitive (d) oligopolistic
361. Railways charges comparatively cheaper fares from senior citizens. This is an example of :
(a) market analysis (b) Profit discrimination
(c) Price discrimination (d) demand forecasting
362. Which of the following is a correct statement ?
(a) Firms have to incur a good deal of costs on advertising and other sales promotion measures in oligopoly market.
(b) A monopolistic always earns supernormal profit.
(c) Identical products are not found in a competitive market.
(d) Close substitute are available under monopoly
363. Which of the following statements is incorrect ?
(a) Under monopoly there is no difference between a firm and an industry.
(b) A monopolistic 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 completion.
364. 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

365. In a perfectly competitive market, which of the following statement is not true with regards to TR, AR, MR ?

- (a) AR represents demand function of a commodity to the firm.
(b) MR keeps on falling and touches zero before it becomes negative
(c) For any falling average revenue (or price) schedule, the marginal revenue is always equal to the price of a commodity.
(d) For any constant average revenue (or price) schedule, the marginal revenue is equal to average revenue.

366. Non – price competition is very popular in :

- (a) monopoly market (b) Monopolistic competition
(c) Oligopolistic market (d) perfect competition

367. Selling outlay is an essential part of which of the following market situations ?

- (a) Perfect competition (b) Monopoly
(c) monopolistic competition (d) Pure competition

368. 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

369. Downward sloping and comparatively more elastic demand curve is found in :

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

370. 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 restriction
- (d) An industry consists of many firms.

371. Electricity companies sell electricity at a cheaper rate for power consumption in rural areas than for industrial consumption. This is an example of :

- (a) Product discrimination
- (b) Perfect competition
- (c) Price discrimination
- (d) Price taker

372. Which market has the concept of 'group' equilibrium in the long – run ?

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

373. 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 on the long run.
- (b) Firms will be producing at minimum average cost.
- (c) Firms realize all economies of scale.
- (d) Firms will only earn normal profits.

374. In monopolistic competition excess capacity in the firm :

- (a) Always exists
- (b) Sometimes exists
- (c) Never exists
- (d) none of the above

375. Which market has the concept of 'group' equilibrium in the long run ?

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

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

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

377. 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

378. Price varies by attributes such as location or by customer segments is _____ degree price discrimination.

- (a) First
- (b) Second
- (c) Third
- (d) Fourth

379. 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)

380. The long – run equilibrium out comes 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 realize all economies of scale

381. Which of the following statement is incorrect ?

- (a) Even a monopolistic firm can have losses.
- (b) Firms in 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.

382. Which of the following statement 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

383. Which of the following product market is close to perfect competition ?

- (a) Mobile phones
- (b) Car
- (c) Utensils
- (d) agricultural products

384. Under which market condition firms make only normal profits in the long run ?

- (a) Oligopoly
- (b) monopoly
- (c) monopolistic competition
- (d) Duopoly

385. Degree of control over price is very considerable in case of :

- (a) Perfect competition
- (b) monopoly
- (c) oligopoly
- (d) monopolistic competition

386. Comparing a monopoly and competitive firm the monopolistic 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.

387. There is absolutely no consumer exploitation in case of :

- (a) Perfect competition
- (b) Monopoly
- (c) Monopolistic competition
- (d) all of the above

388. When the industry is dominated by one large firm, it is a type of :

- (a) Full oligopoly
- (b) syndicated oligopoly
- (c) organized oligopoly
- (d) partial oligopoly

389. There is efficient allocation of resources in case of :

- (a) Perfect competition
- (b) monopoly
- (c) Monopolistic competition
- (d) all of the above

390. "Competition among few" is described in :
(a) monopoly (b) monopsony (c) oligopoly (d) duopoly
391. In which of the following type of competition, supernormal profits can be earned both in short run and long run ?
(a) Perfect competition (b) monopoly
(c) monopolistic competition (d) all of the above
392. Which of the following statement is correct ?
(a) Price rigidity is an important feature of monopoly
(b) Selling costs are possible under perfect condition
(c) Under perfect competition factors of production do not more legal restrictions.
(d) An industry consists of many firms
393. 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.
394. The theory of oligopoly is also called a theory of _____.
(a) individual behavior (b) mass behavior
(c) group behavior (d) dynamic behavior
395. Strategic interdependence is a characteristic which type of following market ?
(a) monopoly (b) perfect competition
(c) monopolistic competition (d) oligopoly
396. Product differentiation is the essential feature of _____
(a) perfect competition (b) monopolistic competition
(c) oligopoly competition (d) duopoly competition

397. It 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 |
| Dentapaste | 14.3 |
| Shinebright | 11.6 |
| I cant believe its not toothpaste | 9.4 |
| Brighter than white | 8.8 |
| Pasty stuff | 7.4 |
| Others | 29.8 |

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

398. When new firm enter into the market and compete with the existing firm is a situation call as

- (a) Pure oligopoly (b) Open oligopoly
(c) collusive oligopoly (d) competitive oligopoly

399. Market which have two firms are known as :

- (a) Oligopoly (b) Duopoly (c) monopsony (d) Oligopsony

400. When few firms of the oligopolistic market come to a common understanding with each other in fixing price and output, it is called

- (a) syndicate oligopoly (b) collusive oligopoly
(c) perfect oligopoly (d) open oligopoly

401. Firms in oligopoly are likely to :

- (a) Try to differentiate its products
(b) Invest heavily in branding
(c) Act independently of other firms
(d) Try to be a price maker

402. Smart phones market is an example of :

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

403. Telecom industry is an example of _____
(a) Monopoly (b) perfect competition
(c) monopolistic competition (d) oligopoly
404. In which type of oligopoly, the firm sell their product through a centralized body ?
(a) open oligopoly (b) organized oligopoly
(c) full oligopoly (d) syndicated oligopoly
405. XYZ deals with financial products. Its demand curve will be :
(a) Horizontal axis ; perfectly elastic
(b) Vertical axis ; perfectly inelastic
(c) Horizontal axis ; inelastic
(d) Vertical axis ; elastic
406. Non – price competition are observed in which type of following market?
(a) monopoly (b) monopolistic competition
(c) duopoly (d) oligopoly
407. The market structure in which the number of sellers is small and there is inter dependences in decision making by the firms is known as :
(a) perfect competition (b) oligopoly
(c) monopoly (d) monopolistic competition
408. Who propounded the price rigidity under kinked demand curve model of oligopoly ?
(a) Adam smith (b) Karl Marx
(c) Keynes (d) Paul A. Sweezy
409. A kinked demand curve is also known as :
(a) Samuelson's (b) Chamberlin's model
(c) Stigler model (d) Sweezy's model

410. OPEC is an example of :

- (a) Monopolistic competition (b) monopoly
(c) oligopoly (d) duopoly

411. Aluminum industry is the example of which type of oligopoly ?

- (a) full oligopoly (b) open oligopoly
(c) pure oligopoly (d) syndicated oligopoly

412. Price rigidity concept is related to :

- (a) Duopoly (b) monopoly
(c) oligopoly (d) monopolistic competition

413. 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

414. A group of firms explicitly agree (called) to coordinate their activities is called as :

- (a) Cartel (b) Mutual group
(c) friendship group (d) agreement

415. The structure of the cold drink industry in india is best described as :

- (a) Perfectly competitive (b) monopolistic
(c) monopolistic competitive (d) oligopolistic

416. Kinked demand hypothesis is designed to explain the under oligopolistic market :

- (a) collusion between firms (b) price and output determination
(c) rigidity of price (d) price leadership

417. Pure oligopoly occurs when :

- (a) The product is homogeneous
- (b) The product is differentiated
- (c) The industry is dominated by one large firm
- (d) The absence of price leadership

418. “Let and live philosophy” concern from which market ?

- (a) Perfect competition
- (b) monopoly
- (c) oligopoly
- (d) monopolistic competition

419. Oligopoly having identical products is :

- (a) Pure oligopoly
- (b) imperfect oligopoly
- (c) price leadership
- (d) collusion

420. Non – price competition is observed in which type of the following market ?

- (a) monopoly
- (b) monopolistic competition
- (c) duopoly
- (d) oligopoly

421. Price rigidity is a situation found in which of the following market forms?

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

422. Oligopoly having identical products is known as :

- (a) pure oligopoly
- (b) collusive oligopoly
- (c) independent oligopoly
- (d) none of these

423. When an oligopolistic form choose its level of production to maximize its profits then it charges a price that is :

- (a) More than the price charged by either monopoly or a competition.
- (b) Less than price charged by either monopoly or a competition
- (c) More than the price charged by a monopoly and less than a competitive market firm.
- (d) Les than the price charge by a monopoly and more than a competitive market firm.

424. Which one of the following is not a characteristic of oligopoly ?
- (a) strategic interdependence
 - (b) large number of firms selling close substitutes
 - (c) importance of selling cost
 - (d) group behavior
425. The market for hand tools (such as hammers and screwdrivers) is dominated by draper, Stanley, and Craftsman. This market is best described as :
- (a) Monopolistic competitive
 - (b) A monopoly
 - (c) An oligopoly
 - (d) Perfectly competitive
426. 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) Organized oligopoly
427. 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
428. Which of these is the best example of oligopoly ?
- (a) OPEC
 - (b) SAARC
 - (c) WTO
 - (d) GATT
429. 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
430. When the industry is dominated by one large firm it is called :
- (a) Full oligopoly
 - (b) Partial oligopoly
 - (c) organized oligopoly
 - (d) closed oligopoly

438. 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.

439. Group behavior from which market belongs :

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

440. Pure oligopoly is based on the _____ products.

- (a) Differentiated
- (b) Homogeneous
- (c) Unrelated
- (d) none of the above

441. 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

442. Which of the these is the best example of oligopoly ?

- (a) OPEC
- (b) SAARC
- (c) WTO
- (d) GATT

443. Which one of the following is not the feature of oligopoly ?

- (a) Interdependency
- (b) selling cost
- (c) Free entry
- (d) One of the above/group behavior

444. The theory of oligopoly is a theory of :

- (a) group Behaviour
- (b) Mass behaviour
- (c) individual behavior
- (d) single behavior

445. Which one of following statement is incorrect as regards oligopoly ?
- (a) it is dominated a small number of large firms
 - (b) there is importance of advertising & selling cost.
 - (c) The oligopoly is interdependent in decision making of the new firms which comprise the industry
 - (d) No new firm is allowed to enter in oligopoly market in any case.
446. Price leadership is the characteristic of :
- (a) Oligopoly
 - (b) Monopoly
 - (c) Perfect competition
 - (d) Discriminating Monopoly
447. The demand curve of an oligopolist is :
- (a) Determinate
 - (b) indeterminate
 - (c) circular
 - (d) vertical
448. An oligopolistic firm has to behave strategically when it makes a _____ about its _____.
- (a) decision, price
 - (b) price, output
 - (c) policy, material
 - (d) none of these
449. Entering into collusion or forming a cartel is generally considered
- (a) Legal
 - (b) Illegal
 - (c) Desirable
 - (d) Mandatory
450. A group of firm that explicitly agree (collude) to coordinate their activities is called a/an :
- (a) Oligopoly
 - (b) Duopoly
 - (c) Monopsony
 - (d) Cartel
451. According to Pigou, first degree price discrimination charges price to :
- (a) Individual capacity
 - (b) Quantities sold
 - (c) location
 - (d) none of the above

452. In case of oligopoly, the price leader sets the price in such a manner that it allows same profits to the followers also. This type of price leadership is by _____.

- (a) Low cost firm (b) Low share firm
(c) High cost firm (d) dominating profit firm

453. 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

454. The elasticity of demand on the upper segment of a kinked demand curve will be _____.

- (a) infinite (b) equal to one
(c) greater than one (d) less than one

455. 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.

456. Collusion is impossible if an industry has :

- (a) Only few number of firms (b) Only two firms
(c) limited number of firms (d) Large number of firms

457. Kinked demand curve hypothesis is given by :

- (a) Alfred Marshal (b) A.C.Pigou
(c) Sweezy (d) Hick & Allen

458. Kinked demand curve is observed in :

- (a) Duopoly market (b) monopoly market
(c) competitive market (d) Oligopoly market

459. Which of the following concept is explained by kinked demand curve hypothesis ?

- (a) Price leadership (b) Price rigidity
(c) Group behavior (d) Independent pricing

460. The demand curve of oligopoly is :

- (a) Horizontal (b) Vertical
(c) Kinked (d) Rising left to right

461. In the kinked demand curve theory, it is assumed that :

- (a) Firms collude to fix the price.
(b) An increase in the price by the firm is not followed by others.
(c) An increase in the price by the firm is followed by others.
(d) A decrease in the price by the form is not followed by others.

462. The elasticity of demand on the upper segment of a kinked demand curve will be _____.

- (a) Infinite (b) equal to one
(c) greater than one (d) less than one

463. 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

464. In oligopoly, the kink on the demand curve is more due to :

- (a) Discontinuity in MR
- (b) Discontinuity in AR
- (c) fulfillment 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.

465. Kinked demand curve is observed in :

- (a) Duopoly market (b) Monopoly market
- (c) competitive market (d) Oligopoly market

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

| Firms in auto sector | (%) of market share |
|-----------------------------|----------------------------|
| Firm – 1 | 316 |
| Firm – 2 | 194 |
| Firm – 3 | 5.6 |
| Firm – 4 | 3.4 |

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

467. In which market the price elasticity of demand is infinity ?

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

468. In oligopoly the kink in the demand curve is more due to :

- (a) Discontinuous in MR (b) Discontinuous in AR
- (c) Fulfilment of the assumption that a price fall is followed by other and a price increase by a firm is not followed by the other
- (d) Price war among the firms

469. In the 'kinked – demand' curve model, the upper portion of the demand curve is :

- (a) Elastic (b) Inelastic
(c) Perfectly elastic (d) Unitary elastic

470. Choose the incorrect statement regarding the barometric price leadership :

- (a) Old and experienced firm acts as a leader.
(b) Live and let live philosophy is followed
(c) Price decided by assessing market conditions.
(d) Price decided by leader is generally accepted by the rest of all.

471. Kinked demand curve is related to which market structure ?

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

472. The kinked demand curve model explains the market situation :

- (a) Pure oligopoly (b) Differentiated oligopoly
(c) collusive oligopoly (d) price rigidity

473. In the kinked demand curve theory is :

- (a) There is a kink in the marginal cost curve.
(b) Firms try to compete on non – price basis.
(c) Demand is price elastic
(d) Demand is price inelastic.

474. A firm having kinked demand curve indicates that :

- (i) If the firm reduces the price, competitive firms also reduce price
(ii) If the firm increases the price, competitive firms also increases 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

475. Kinked demand curve under oligopoly is designed to show :
- (a) Price and output determination (b) price rigidity
(c) price leadership (d) collusion among rivals
476. Kinked demand curve is the demand curve of :
- (a) perfect competition (b) monopoly
(c) monopolistic competition (d) none of the above
477. The reason for the kinked demand curve is that :
- (a) The oligopolist believe that competitors will follow output 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.
478. 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.
479. Which term is used for a market characterized by a single buyer of a product or service ?
- (a) monopoly (b) monopsony (c) monobuyer (c) monolateral
480. Which of the following is a sub set of oligopoly ?
- (a) Duopoly (b) monopoly
(c) single oligopoly (d) none of these

481. _____ is a market situation in which there are two firms in the market.

- (a) Oligopoly (b) Duopoly
(c) bilateral oligopoly (d) closed oligopoly

482. What is the type of market structure which is a combination of monopoly market and a monopsony market ?

- (a) Unilateral monopoly (b) bilateral monopoly
(c) bi – monopsony (d) none of these

483. _____ is a market characterized by a small number of larger buyers and is mostly relevant to factor markets.

- (a) Oligopoly (b) Duopoly (c) Oligopsony (d) Monopsony