

Business Economics - Challenge 3

Name with your roll number (Eg: 24QAE01_Narmatha K)

24QAE01_Narmatha K

1. Price varies by attributes such as location or by Customer Segment is _____ degree of Price Discrimination. 1 point

- First
- Second
- Third
- Fourth

2. Conditions for equilibrium of a firm are: 1 point

- $MR = MC$
- MC should cut MR from below.
- $MR = AR$ and MC should cut MR from below.
- $MR = MC$ and MC should have a positive slope.

3. Agricultural goods markets depict characteristics close to

1 point

- perfect competition.
- oligopoly.
- monopoly.
- monopolistic competition.

4. Weekly market is example of _____ Market:

1 point

- (a) Regulated Market
- (b) Spot Market
- (c) Forward Market
- (d) Unregulated Market

5. Assume that when Price is Rs. 10, the quantity demanded is 5 units and when Price is Rs.12 the quantity demanded is 4 units. Based on this information, what is the Marginal Revenue resulting from increase in output from 4 units to 5 units.

1 point

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

6. The firm and the industry are one and the same in _____

1 point

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

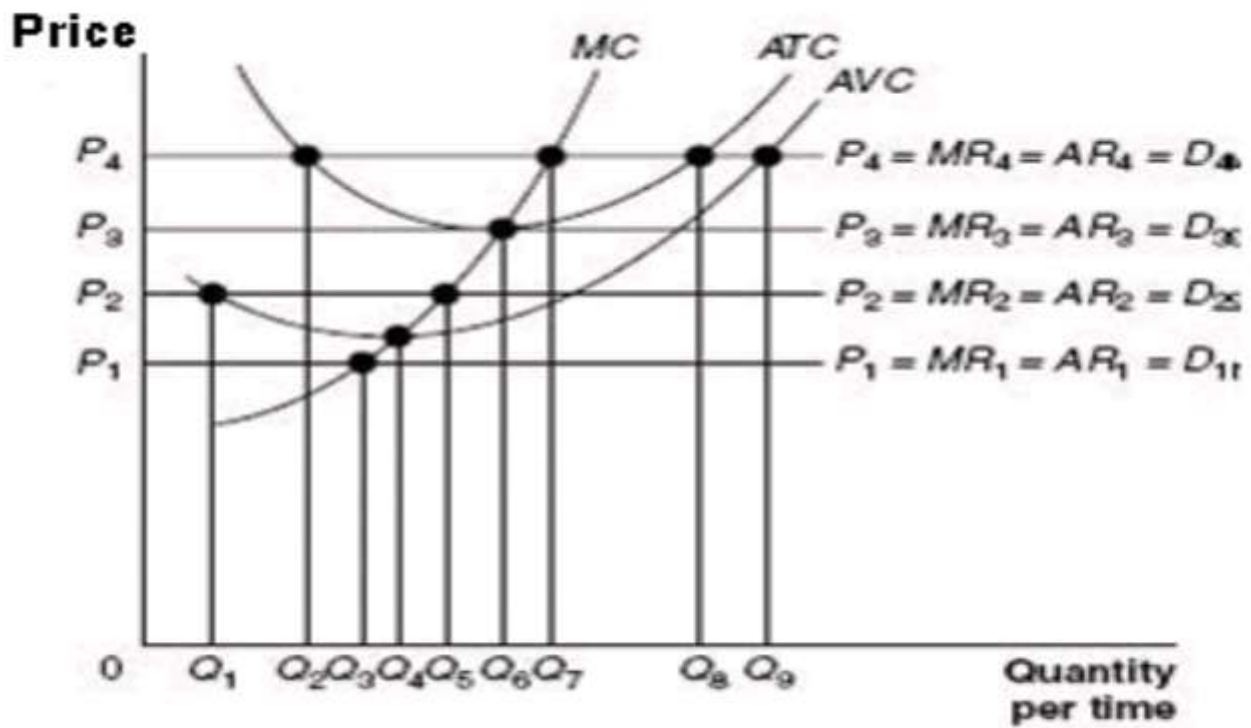
7. In oligopoly, when the industry is dominated by one large firm which is considered as leader of the group, Then it is called:

1 point

- (a) full oligopoly
- (b) collusive oligopoly
- (c) partial oligopoly
- (d) syndicated oligopoly

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

1 point



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

9. When $e < 1$ then MR is

1 point

- (a) negative
- (b) zero
- (c) positive
- (d) one

10. When _____, there will be allocative efficiency meaning thereby that the cost of the last unit is exactly equal to the price consumers are willing to pay for it and so that the right goods are being sold to the right people at the right price. 1 point

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

11. A purely competitive firm's supply schedule in the short run is determined by 1 point

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

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

1 point

- (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.

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

1 point

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

14. The long-run equilibrium outcomes in monopolistic competition and perfect competition are similar, because in both market structures 1 point

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

15. Which of the following is not the feature of Monopoly? 1 point

- Command over the whole market
- Strong barriers to entry
- Price depends on the extent of monopoly power the firm has
- Price is higher than marginal cost

16. Barriers to entry are comparatively low and new firms are free to enter the market if they find profit prospects and existing firms are free to quit in _____. 1 point

- Perfect Competition
- Monopoly
- Oligopoly
- Monopolistic Competition

17. Which of the following is not the reasons for occurrence and continuation of monopoly. 1 point

- Business combinations or cartels (illegal in most countries) where former competitors cooperate on pricing or market share.
- Governments granting exclusive rights to produce and sell a good or a service.
- Strategic control over a scarce resources, inputs or technology by a single firm limiting the access of other firms to these resources.
- There are no legal or market related barriers to entry

18. New firms can enter the market and compete with the existing firms in _____. 1 point

- open oligopoly
- closed oligopoly
- full oligopoly
- Organized oligopoly

19. A firm encounters its “shutdown point” when: 1 point

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

20. When _____, we know that the firms under perfect competition must be producing at the minimum point of the average cost curve and so there will be productive efficiency.

1 point

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

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