DEMAND

Q.1 On which of the following the Effective Demand for a thing depends?
(a) Desire
(b) Means to purchase (Ability to Buy)
(c) Willingness to use those means
(d) All of these

Q.2 Purchasing Power of money fall when
(a) Price level increases
(b) Price level decreases
(c) Income level increases
(d) Nothing can be said

Q.3 Demand arises in respect of -
(a) Socially desirable goods, e.g. food, clothing
(b) Harmful goods, e.g. liquor, cigarettes, etc.
(c) Both (a) and (b)
(d) Neither (a) nor (b)

Q.4 The demand for factors of production is demand
(a) Fundamental
(b) Market Demand
(c) Household Demand
(d) All of the above

Q.5 Market Demand is the sum total of: -
(a) All quantities that Producers can produce
(b) All quantities actually sold in the market
(c) All quantities demanded by individual households
(d) All of the above

Q.6 A relative price is ________________
(a) Price expressed in terms of money
(b) What you get paid for baby - sitting your cousin
(c) The ratio of one money price to another
(d) Equal to a money price

Q.7 Which of the following is not a determinant of Demand?
(a) Price of the Commodity
(b) Price of Related Commodities
(c) Level of Consumers' Income
(d) None of these

Q.8 All of the following are determinants of demand except
(a) Tastes and Preferences
(b) Quantity supplied
(c) Income
(d) Price of related goods

Q.9 Goods covered by Demonstration Effect can be best describe as -

(a) Necessities of Life
(b) Conspicuous Necessities
(c) Absolute Luxuries
(d) All of the above

Q.10 Which of these is not a Complementary Good for Pen?
(a) Refills
(b) Paper
(c) Notebooks
(d) Wheat

Q.11 If X and Y are Complementary Goods, if there is an increase in Price of X, then-
(a) Demand of X will decreases and Demand of Y will increase.
(b) Demand of X will increase and Demand of Y will decrease.
(c) Demand of X and Y will increase.
(d) Demand of X and Y will decrease.

Q.12 If X and Y are Substitute Goods, the price of X and the Demand of Y are -
(a) Directly related
(b) Inversely related
(c) Proportionally related
(d) Any of the above

Q.13 If X and Y are Substitute Goods, if there is an increase in Price of X, then-
(a) Demand of X will decrease and Demand of Y will increase.
(b) Demand of X will increase and Demand of Y will decrease
(c) Demand of X and Y will increase
(d) Demand of X and Y will decrease

Q.14 If demand decrease with an increase in money income of Consumers, such goods are called -
(a) Normal Goods
(b) Inferior Goods
(c) Luxury Goods
(d) All of the above

Q.15 In Income Levels increase, and the demand for goods increase by less than proportionate extent, such goods will be -
(a) Inferior Goods
(b) Necessary Goods
(c) Luxury Goods
(d) Nothing can be said

Q.16 In Income Levels increase, and the demand for goods increase by more than proportionate extent, such goods will be -
(a) Inferior Goods
(b) Necessary Goods
(c) Luxury Goods
(d) Nothing can be said

Q.17 If the Consumers expect an increase in prices of the product of the future, its current demand will be -

(a) Higher
(b) Lower
(c) nil
(d) nothing can be said

Ans. 1.(d) 2.(a) 3(c) 4.(b) 5.(c) 6.(c) 7.(d) 8.(b) 9.(b) 10.(d) 11.(b) 12.(a) 13.(a) 14.(b) 15.(b) 16.(b) 17.(a)

Q.1 A Demand Curve shows-
(a) Quantity demanded of a product at various levels of income of the Consumer.
(b) Quantity demanded of a product, at various levels of price of the product
(c) amount of money spent by a Consumer on a product at various levels of price
(d) Quantity supplied of a product at various levels of price of the product.

Q.2 What is the other name given to the Demand Curve?
(a) Profit Curve
(b) Average Revenue Curve
(c) Average Cost Curve
(d) Indifference Curve

Q.3 The Total Area under the Demand Curve of a product measures-
(a) Marginal Utility
(b) Total Utility
(c) Consumer's Surplus
(d) Producer's Surplus

Q.4 If Marginal Utility of a product remains constant, the Demand Curve will be:
(a) Quantity Demanded
(b) Price of the Product
(c) Income Levels of Consumer
(d) Any of the above

Q.5 The law of Demand refers to ---
(a) Price-Supply relationship
(b) Price- Cost relationship
(c) Price - Demand relationship
(d) Price - Income relationship

Q.6 The term "Ceteris Paribus" in the Law of Demand denotes-
(a) All factors remaining constant
(b) All factors except one remaining constant
(c) All factors being variable
(d) All of the above

Q.7 What type of relationship exists between Price and Quantity Demanded?
(a) Direct
(b) Inverse
(c) Positive
(d) Positional

Q.8 The total effect of a price change of a commodity is

(a) Substitution Effect + Price Effect
(b) Substitution Effect + Income Effect
(c) Substitution Effect + Demonstration Effect
(d) Substitution Effect minus Income Effect

Q.9 As a result of a fall in prices of the commodity, the consumer's _________ increases.
(a) Real Income
(b) Purchsing Power
(c) Both (a) and (b)
(d) Neither (a) nor (b)

Q.10 When the price of a Reynolds pen falls, ceteris paribus, Buyers substitute Reynolds Pen for other pens that are now relatively more expensive. this is called _____________
(a) Price Effect
(b) substitution Effect
(c) Income Effect
(d) Veblen Effect

Q.11 In normal circumstances, if the Government increases the tax on my product, the demand for the product ________ in the short run
(a) Increases
(b) Decreases
(c) Remain unchanged
(d) Tax has nothing to do with the demand for any product

Q.12 The law of Demand is explaind by -
(a) Law of Diminishing Marginal Utility
(b) Law of Indifference Curves
(c) Both (a) and (b)
(d) Neither (a) nor (b)

Q.13 Under the Indifference continue buying till Price equals Marginal Utility,if the price of a product is lower, the consumer will attain equilibrium-
(a) At a higher Indifference Curve
(b) At a lower Indifference Curve
(c) At the origin point
(d) At infinity

Q.14 Conspicuous goods are also called as:
(a) Veblen
(b) Snob
(c) Prestigious
(d) All of the above

Q.15 Conspicuous Goods -
(a) Are an exception the Law of Demand
(b) Follow the Law of Demand
(c) Either (a) or (b)
(d) Neither (a) nor (b)

Q.16 Which of the following is an example of Conspicuous Goods?
(a) Diamonds
(b) Cooking Gas
(c) Conspicuous Necessities
(d) Giffen Goods

Q.17 In the demand for Petrol remains the same even after the increase in petrol prices, it means Petrols is a -
(a) Normal Good
(b) Necessity
(c) Luxury Good
(d) Inferior Good

Q.18 In the case of a Giffen Good, the Demand Curve will be
(a) horizontal
(b) down-ward sloping to the right
(c) Backward falling to the left
(d) Upward-sloping to the right

Q.19 Giffen Goods are those goods-
(a) For which Demand increase as Price increases
(b) Which have a high income elasticity of demand
(c) Which are in short supply
(d) None of these

Q.20 In case of Gifen Goods, Demand Curve will slope-
(a) Upward
(b) Downward
(c) Horizontal
(d) Vertical

Q.21 Expansion and Contraction of demand for a good occurs as a result of -
(a) Change in Price of the Commodity
(b) Change in Quality of the Commodity
(c) Availability of Cheaper Substitutes
(d) Increase in Consumer Income

Q.22 A movement along the Demand curve for soft drinks is best descri e as -
(a) Increase in Demand
(b) Decrease in Demand
(c) Change in Quanityt demanded
(d) change in Demand

Q.23 change in demand due to change in price is known as ____________
(a) Change in demand
(b) Change in quantity demanded
(c) Income demand
(d) Cross demand

Q.24 Change in Demand as a result of the factors other than Price is known as -
(a) Shift in Demand
(b) Increases and Decrease in demand
(c) Change in Demand
(d) All of t hese

Q.25 Which of the Following results in a shifting of the Demand Curve?
(a) Increase in the tax on cigarettes leading to their fall in demand
(b) Slashing of ad rates by a television channel resulting in a rise in the number of ads
(c) rise in the electricity charges leading to lesser consumption
(d) All of these

Q.26 In case of Shift - in Demand ----- remains constant,
(a) Income of Consumers

(b) Tastes and Preferences of Consumers
(c) Price of the Product
(d) Quality of the Product

Q.27 Other thins being equal, a fall in the price of complementary good will cause the _________ of the other rise.
(a) Price
(b) Supply
(c) Demand
(d) Utility

Q.28 A Decrease / Fall in the price of Complementary goods leads to _______
(a) Increase in Demand
(b) Decrease in Demand
(c) Expansion of Demand
(d) Contraction of Demand

Ans.	1.(b)	2.(b)	3.(b)	4.(b)	5.(c)	6.(c)	7.(b)	8.(d)	9.(b)	10.(c)	11.(b)
	12.(b)	13.(c)	14.(a)	15.(d)	16.(a)	17.(a)	18.(b)	19.(c)	20.(a)	21.(a)	22.(c)
	23.(b)	24.(d)	25.(d)	26.(a)	27.(c)	28.(a)					

Q.1 Elasticity of Demand is attributed to --
(a) Changes in Prices
(b) changes in Incomes
(c) Changes in Prices of related commodities
(d)All of the above

Q.2 Which of the following statements regarding Elasticity of Demand is true?
(a) elasticity can be positive or negative
(b) elasticity always has a negative value
(c) elasticity always has a positive value
(d) elasticity can never be zero

Q.3 Price Elasticity of Demand is given by -
(a) $\Delta p/\Delta q \times q/p$
(b) $\Delta p/\Delta q \times p/q$
(c) $\Delta q/\Delta p \times q/p$
(d) $\Delta q/\Delta p \times p/q$

Q.4 Goods which have fewer substitutes are -
(a) Less Elastic
(b) Unit Elastic
(c) More Elastic
(d) Zerp Elastic

Q.5 Goods in respect of which the consumers do not have time to adjust their consumption pattern are -
(a) Less Elastic
(b) Unit elastic
(c) More Elastic
(d) Zero Elastic

Q.6 Goods in respect of which the consumers do not have time to adjust their consumption pattern are -
(a) Less Elastic

(b) Unit Elastic
(c) More elastic
(d) Zero Elastic

Q.7 A demand curve parallel to y-axis implies
(a) $Ep = 0$
(b) $Ep = 1$
(c) $Ep < 1$
(d) $Ep > 1$

Q.8 For goods with perfectly ineastic demand -
(a) $\Delta p > \Delta q$
(b) $\Delta p = \Delta q$
(c)$\Delta p = 0$
(d) $\Delta q = 0$

Q.9 If the demand for the good is less elastic, the Demand Curve will be -
(a) horizontal line
(b) Vertical line
(c) Downward sloping to the right, flatter
(d) Downward sloping to the right, steeper

Q.10 In case of Straght line demand curve meeting two axes, the Price Elasticity of demand at a point where the curve meets x-axis would be
(a) 1
(b) ∞
(c) 0
(d) > 1

Q.11 If the demand for the good is more elastic, the Demand Curve will be -
(a) Horizontal Line
(b) Vertical Line
(c) Downward Sloping to the right, flatter
(d) Downward sloping to the right, steeper

Q.12 What is the mean by price elasticity of demand greater than 1 -
(a) % change in quantity demanded is less than % change in price
(b) % change in quantity demanded is more thean % change in price
(c) No change in quantity and price
(d) None of these

Q.13 Horizontal Demand curve, Parallel to X-axis indicates, that the elasticity of Demand is __________
(a) Zero
(b) Infinite
(c) > 1
(d) <1

Q.14 Which is correct about price elasticity of demand?
(a) It is several degrees and natures
(b) It is unaffected due to change in price of other goods
(c) It is immeasurable concept
(d) It is due to direction of change in price

Q.15 If the Demand for Cricket Balls increases from 50 to 55 because of fall in price from Rs. 25 to Rs. 24, what is the Price Elasticty of Demand for Cricket Balls?
(a) (1.0)
(b) (2.5)

(c) (2)
(d) (5)

Q.16 What will be the price elastictity if original price is Rs. 5, original quantity is 8 units and changes price is Rs. 6 changed quantity is 4 units?
(a) 2.5
(b) 2.0
(c) 1.5
(d) 1.0

Q.17 The original price of commodity is Rs. 500 and quantity demaned is 20 kgs. If price rises to Rs. 750 and quantity demanded reduce to 15 kgs, price elasticity of demand is ________
(a) 0.25
(b) 0.50
(c) 1.00
(d) 1.50

Q.18 The price of a tiffin box is Rs. 100 per unit and the quantity demanded in a market is 1,25,000 units. company increases the price to Rs. 1.25 per unit due to this increase in price quantity demanded decreased to 1,00,000 units. What will be price elasticity of demand .
(a) 1.25
(b) 0.80
(c) 1.00
(d) none

Q.19 The price of a commodity decreases from 10 to 8 and the quantity demanded of it increased from 25 to 30 units. Then the coefficient of price elasticity will be ____________
(a) 1
(b) -1
(c) 1.5
(d) -1.5

Q.20 The Elasticity at a given point on a Demand Curve is known as -
(a) Point Elasticity
(b) Income Elasticity
(c) Arc Elasticity
(d) Cross Elasticity

Q.21 Point Elasticity is useful for which of the following situations -
(a) The bookstore is considering doubling the price of notebooks.
(b) A restaurant is considering lowering the price of its most expensive dishes by 50%.
(c) An automobile producer is interested in determining the response of consumers to the price of cars being lowered by Rs. 50,000.
(d) None of the above

Q.22 for What type of goods does demand fall with rise in income levels of households?
(a) Inferior Goods
(b) Substitutes
(c) Luxuries
(d) Necessities

Q.23 Generally when income of a consumer increases he goes or superior goods, leading to fall in demand for inferior goods. it means income elasticity of demand is ___________
(a) Less than one
(b) Negative
(c) Zero

(d)Unitary

Q.24 For _______goods increase in income leads to increase demand.
(a) Abnormal
(b) Normal
(c) Inferior
(d) Superior

Q.25 The Income of a Household rises by 20%, the demand for Computer rises by 25%, this means Computer (in Economics) is a/an
(a) Inferior Good
(b) Luxury good
(c) Necessity
(d) Nothing can be said

Q.26 If income increases by 10% and demand increases by 5%, then income elasticity of demand is:
(a) + 0.5
(b) - 0.5
(c) + 0.05
(d) - 0.05

Q.27 What will be the Slope of Demand Curve when it shows the Cross Elasticity between two Complementary goods?
(a) Negative
(b) Positive
(c) Horizontal
(d) None of these

Q.28 The cross elasticity of demand between two perfect substituted will be: -
(a) Zero
(b) Infinity
(c) Very high
(d) Very low

Q.29 If the quantity demanded of Tea increases by 5% when the price of Coffee increases by 20%, the Cross Elasticity of demand between Tea and Coffee is -
(a) -0.25
(b) 0.25
(c) -4
(d) 4

Q.30 The Cross Elasticity of monthly demand for ink pen, when the price of gel pen increases by 25% and demand for ink pen increases by 50% is equal to -
(a) + 2.00
(b) -2.00
(c) 2.09
(d) + 2.09

Q.31 If the quantity demanded of Product X increases from 8 to 12 units in response to an increase in the price of Product Y from Rs. 23 to Rs. 27, the Cross Elasticity of Demand for X with respect to Price of Y is approximately.
(a) 0.35 and X and Y are Complements.
(b) 0.35 and X and Y are Substitutes
(c) 2.5 and X and Y are Complements
(d) 2.5 and X and Y are Substitutes

Q.32 A Grocery Shop uses to sell fresh milk at Rs. 20 per litre, at which price 400 litres of milk were sold per month. after some time, the price was raised to Rs. 30 per litre. Following are the consequences:
(a) Only 200 litres of milk was sold every month
(b) The number of boxes of cereal customers bought went down from 200 to 140.
(c) The number of packets of powdered milk customers bought went up from to 220 per month

Q.33 Price Elasticity of demand when Gel pen's price increases from Rs. 10 to Rs. per pen is -
(a) 2.5
(b) 1.0
(c) 1.16
(d) 2.16

Q.34 X, Y and Z are three commodities where X and Y are complementary whereas X and Z are substitutes.
A Shopkeeper sells Commodity X at Rs. 20 per piece. At this price, he is able to sell 100 pieces of X per month. after some time he decreases the price of X to Rs. 10 per piece. Consequently
(a) He is able to sell 150 pieces of X per month
(b) Demand for Y increases from 25 to 50 units
(c) Demand for Z decreases from 75 to 50 units

Ans.	1.(d)	2.(a)	3.(b)	4.(d)	5.(a)	6.(a)	7.(b)	8.(d)	9.(d)	10.(c)	11.(c)	12.(b)
	13.(b)	14.(b)	15.(a)	16.(b)	17.(c)	18.(b)	19.(a)	20.(c)	21.(a)	22.(a)	23.(b)	24.(b)
	25.(a)	26.(a)	27.(b)	28.(b)	29.(d)	30.(c)						

SUPPLY

Q.1 Supply of a Commodity is a -
(a) Stock Concept
(b) Flow Concept
(c) both Stock and Flow Concept
(d) None of these

Q.2 _______________ refers to the quantity of goods or services that Producers are willing and able to offer to the market at various prices during a period of time.
(a) Demand
(b) Supply
(c) Stock
(d) Sales

Q.3 Supply refers to __________
(a) Stock of goods available for sale
(b) Stock of goods
(c) Quantity supplied at a various price during a period of time
(d) Actual production of the goods

Q.4 Stock refers to quantity ------- into the market, whereas Supply refers to quantity _____ into the market.
(a) Actually brought, actually brought
(b) Can be brought, actually brought
(c) Can be brought, actually brought
(d) Can be brought, can be brought

Q.5 The meaning of time element in economics is _____________
(a) Calendar time
(b) Clock time
(c) Operational time which supply adjusts with the market demand
(d) None of these

Q.6 Which of the following factors is not a determinant of Supply?
(a) Government's industrial and foreign policies
(b) Market Structure
(c) State of Technology
(d) Income Levels of Consumers

Q.7 Other things being equal, the supply quantity of a product is _________ related to its price.
(a) Directly
(b) Inversely
(c) Proportionally
(d) not at all

Q.8 In case of failure of rains, fires, etc. the supply of agricultural commodities will -
(a) Increase
(b) Decrease
(c) Remain Constant

(d) Become Zero

Q.9 Generally, the Supply Curve-
(a) Positively Sloped
(b) Negatively sloped
(c) Zero - sloped
(d) nothing can be said

Q.10 While recognizing Increase or Decrease in the quantity supplied, we assume __________ remain constant.
(a) Price
(b) All factors other than price
(c) Both (a) and (b)
(d) Neither (a) nor (b)

Q.11 Change in Quantity Supplied causes -
(a) a movement on the same Supply Curve
(b) shift of the Supply Curve
(c) Both (a) and (b)
(d) Neither (a) nor (b)

Q.12 Change in Supply means -
(a) A movement on the same Supply Curve
(b) Shift of the Supply Curve
(c) both (a) and (b)
(d) Neither (a) nor (b)

Q.13 Which of the following factors will not result in the shifting of Supply Curve for Software Packages?
(a) Increase in the wages of computer professionals
(b) government tariffs on software exports and imports
(c) Fall in the prices of software packages.
(d) All of the above result in the shifting of the curve

Q.14 An Increase in the Supply of a product is caused by
(a) Reduction in the price of Related commodities
(b) Reduction in Cost of Production of this Commodity
(c) subsidies by Government for producing this commodity.
(d) All of these

Q.15 A Decrease in the Supply of a product is caused by ----
(a) Technology or fashion change, making the commodity outdated.
(b) Increase in the price of Related Commodities
(c) Increase in Cost of Production of this commodity
(d) All of these

Ans. 1.(b) 2.(b) 3.(c) 4.(b) 5.(c) 6.(d) 7.(a) 8.(b) 9.(a) 10.(b) 11.(a) 12.(a) 13.(c) 14.(d) 15.(d)

Q.16 If price is Rs. 15, quantity supplied is 150 units. If Price is Rs. 25, quantity supplied is 300 units. Price Elasticity of Supply using Arc Method.

(a) -1.09
(b) +1.09
(c) -0.98
(d) +0.98

Q.17 Elasticity of Supply is greater than one when
(a) Proportionate change in price is greater than proportionate change in supply
(b) Proportionate change in supply is greater than proportionate change in price
(c) Proportionate change in supply is equal to proportionate change in price
(d) All of the above

Q.18 When supply is perfectly elastic, Elasticity of Supply is equal to -
(a) +1
(b) 0
(c) -1
(d) Infinity

Q.19 If Δq = Change in Quantity Supplied, Δp = Change in Price, when supply is relatively elastic, it means -
(a) Δq = Zero
(b) Δq > Δp
(c) Δq < Δp
(d) Δp = Zero

Q.20 Price is fallen by 20% brings above 10% fall in quantity supplied then elasticity of supply is ____________
(a) 2.0
(b) 0.5
(c) 1.0
(d) 1.5

Q.21 Equilibrium price is where ___________
(a) Market supply and market demand are equal
(b) Firm supply ad market demand are equal
(c) Firm demand and market supply are equal
(d) None of these

Q.22 P Q.D Q.S. 1 500 200 2 450 3 400 300 4 350 350 5 300 400 6 250 7 200 500 8 150 600
What is equilibrium price
(a) 1
(b) 2
(c) 3
(d) 4

Q.23 Other things being equal, as Demand increases
(a) Equilibrium Price and Quantity both increase
(b) Equilibrium Price and Quantity both decrease
(c) Equilibrium Price increase and Quantity decreases
(d) Equilibrium Price decreases and Quantity increases.

Q.24 Other things being equal, as Supply increases -
(a) Equilibrium Price and Quantity both increase

(b) Equilibrium Price and Quantity both decrease
(c) Equilibrium Price and increases and Quantity decreases
(d) Equilibrium Price decreases and Quantity increases

Q.25 If decrease in demand is less than the decrease in supply, then -
(a) Equilibrium Price and Quantity both increase
(b) Equilibrium Price and Quantity both decrease
(c) Equilibrium Price increases and Quantity decreases
(d) Equilibrium Price decreases and Quantity increases

Market

Q.1 In Economics, a place where Buyers and Sellers meet and bargain over a commodity for a price is called-
(a) Den
(b) Shop
(c) Market
(d) Exchange

Q.2 The Market for ultimate consumers is known as ______________
(a) Whole Sale Market
(b) Retail Market
(c) Unregulated Competition
(d) Intense Competition

Q.3 Free Entry/Exit is a characteristic feature of -
(a) Perfect Competition
(b) Monopoly
(c) Monopolistic Competition
(d) (a) and (c)

Q.4 Short run price is also known as:
(a) Market price
(b) Showroom price
(c) Maximum retail price
(d) None of these

Q.5 Which of the following is an Oligopoly?
(a) Mobile Industry
(b) Cold Drink
(c) Automobile
(d) All of these

Q.6 Toothpaste Manufacturing Industry is an exmple of
(a) Perfect Competiton
(b) Monopoly
(c) Monopolistic Competition
(d) Oligopoly

Q.7 The conditions of firm Equilibrium, i.e. MC = MR, and MC cuts MR from below, is applicable for -
(a) Perfect competition

(b) Monopoly
(c) Monoplostic competition
(d) All of the above

Q.8 In which of the following market structures is the demand curve of the market is represented by the demand curve of the Firm?
(a) Monopolistic competition
(b) Perfect competition
(c) Monopoly
(d) Oligopoly

Q.9 The relationship Industry - a Few Firms, is applicable for -
(a) Perfect competition
(b) Monopoly
(c) Monopolistic competition
(d) Oligopoly

Q.10 which of the following market forms will never suffer, losses in the short run?
(a) Perfect Competition
(b) Oligopoly
(c) Monopoly
(d) none of these

Q.11 A market structure in which many Firms sell products that are similar but not identical is known as -
(a) Monopolistic competition
(b) Monopoly
(c) Oligopoly
(d) Duapoly

Q.1 In India which of the following best describes a perfectly competitive market?
(a) Sugarcane Cultivation
(b) Indian Railways
(c) Toilet Soap Industry
(d) Electricity Distribution

Q.2 Which of the following is not true about perfect competition?
(a) Purchase and sale of homogenous goods
(b) Mobility of factors of production
(c) Free entry and exit
(d) Presence of advertisement

Q.3 Under Perfect Competition, each firm is a _______
(a) Price Maker
(b) Price Taker
(c) Price Maker for its own product
(d) All of the above

Q.4 Price under perfect competition is determined by -

(a) firm
(b) industry
(c) government
(d) society

Q.5 In a perfect competition, who set the prices:
(a) Buyers
(b) Sellers
(c) both buyers and sellers
(d) Government

Q.6 In which competition, firm has no control over price?
(a) Monopolistic
(b) Perfect competition
(c) Monopolistic competition
(d) Oligopoly

Q.7 The distinction between a single firm & an Industry vanishes in which of the following market condition.
(a) Monopoly
(b) Perfect competition
(c) Monopolistic competition
(d) Imperfect competition

Q.8 Under Perfect Competition, Price Elasticity of Demand is -
(a) Nil
(b) Less Elastic
(c) More elastic
(d) Infinity

Q.9 Under Perfect Competition, the Firm's Demand Curve is -
(a) Horizontal Line, parallel to X Axis
(b) Vertical Line, parallel to Y - axis
(c) Negatively Sloped
(d) Kinked

Q.10 Which of these is not a feature of Perfect Competition?
(a) Large Number of Buyers & Sellers
(b) Homogenous Products
(c) Free Entry/Exit
(d) Preference of Consumers towards one Supplier

Q.11 One of the essential of Perfect Competition is _____
(a) Product Differentiation
(b) Multiplicity of prices for identical product at any one time.
(c) Many Sellers and few Buyers
(d) Only one price for identical goods at any one time.

Q.12 Under Perfect Competition, Demand (D) =
(a) Average Revenue (AR)
(b) Marginal Revenue (MR)
(c) Price (P)

(d) All of the above

Q.13 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

Q.14 Which of the following is not a characteristic of a "Price Taker"?
(a) TR = P X Q
(b) AS = Price
(c) Negatively - sloped Demand Curve
(d) Marginal Revenue = Price

Q.15 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 as 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 homogenous product.
(d) There is easy entry into or exit from the market place.

Q.16 In a Perfectly Competitive Market, if MC = Marginal Cost, MR = Marginal Revenue, AR = Average cost and P = Price, the first order condition for profit maximization will be -
(a) MC < MR < AR < P
(b) MC = MR = AR = P
(c) MC > MR > AR > P
(d) MC = MR > AR = P

Q.17 Which is the first order condition for the profit of firm to be maximum?
(a) AC = MR
(b) MC = MR
(c) MR = AR
(d) AC = AR

Q.18 Under the Perfect Competition a Firm will be in Equilibrium when -
(a) MC = MR
(b) MC cuts MR from Profits
(c) MC is rising when it cuts MR
(d) All of the above

Q.19 In the short run, if a Perfectly competitive itself operating at a loss, it will ---
(a) reduce the size of its plat of lower fixed costs.
(b) raise the price of its product
(c) shut down
(d) continue to operate as long as it covers its variable cost.

Q.20 In a perfectly competitive markets, if MR is greater than MC then a firm should -
(a) Increase its production
(b) Decrease its production
(c) Increase in sales
(d) Decrease in sales

Q.21 Under Perfect Competion, in the long-run, the LAC Curve will be _________ to the AR Curve.
(a) tangent
(b) perpendicular
(c) parallel
(d) coinciding

Q.22 Under perfect Competition, in the long-run, if SMC = SAC = LAC = LMC = LMR = LAR = Price, then the industry is said to be =
(a) growing
(b) in troubled times
(c) in Equilibrium
(d) inefficient

Q.23 In Long run which of the following is true for a perfect competition
(a) Industry is operating at minimum point of AC curve
(b) MC is greater than MR
(c) AFC is less than AVC
(d) Price is less than AC

Q.24 What are the conditions for long-run equilibrium of the Competitive Firm?
(a) LMC = LAC = P
(b) SMC = SAC = LMC
(c) P = MR
(d) All of these

Q.25 Under perfect competition, the firm's MC Curve will be the same as -
(a) Supply curve
(b) Demand curve
(c) Production Possibility curve
(d) Indifference curve

Q.26 When production is 30 units, the Average Variable Cost is ---
(a) 70.6
(b) 60.6
(c) 61.6
(d) 71.6

Ans. **1.(a), 2(d), 3(b), 4(b), 5(c), 6(b), 7(b), 8(d), 9(a), 10,(d), 11(d) 12(d) 13(d) 14(c) 15(b) 16(b) 17(d) 18(d) 19(d) 20(a) 21(a) 22 (c) 23(a) 24(d) 25(a) 26(c)**

MONOPOLY

Q.1 Monopolist can control only _____________.
(a) Price
(b) Demand

(c) Utility
(d) Both (a) & (b)

Q.2 Which of the following is false regarding Monopoly?
(a) Firm is a price taker
(b) Unique product
(c) Single Seller
(d) None of the above

Q.3 Under which of the following forms of market structure does a firm has very considerable control over the price of its product?
(a) Monopoly
(b) Perfect competition
(c) Monopolistic competition
(d) Oligopoly

Q.4 Objectives of price discrimination in international market is -
(a) to capture foreign markets
(b) to dispose of surplus stock
(c) to earn maximum profit
(d) all of these

Q.5 Price discrimination will not be profitable if elasticity of demand is ___________ in different markets.
(a) uniform
(b) different
(c) less
(d) zero

Q.6 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 conditions all over
(c) The price elasticity of demand is different in different markets
(d) The price elasticity of demand is uniform

Q.7 Under Price Discrimination, the Producer firm can change higher prices from a market, if Price Elasticity (e) -
(a) e = 1
(b) e < 1
(c) e > 1
(d) e = 0

Ans. 1(a) 2(d) 3(a) 4(b) 5(c) 6(b) 7(a) 8(a) 9(a) 10(b) 11(b) 12(d) 13(a) 14(c) 15(b) 16(a)

MONOPOLISTIC COMPETITION

Q.1 Under Monopolistic competition, the product is
(a) Differentiated
(b) Homogenous
(c) Necessity goods
(d) always intangible

Q.2 A market structure in which many firms sell product that are similar, but not identical.
(a) Monopolistic competition
(b) Monopoly
(c) Perfect Competition
(d) Oligopoly

Q.3 Selling outlay is an essential part of which of the following market situation
(a) Monopolistic competition
(b) perfect competition
(c) monopoly
(d) pure competition

Q.4 Under Monopolistic competition, the firm's Demand Curve is -
(a) Horizontal Line, parallel to X Axis
(b) Vertical Line, parallel to Y Axis
(c) Negatively Sloped
(d) Kinked

Q.5 Which of the following markets has the long-run, a Firm -
(a) will not have excess capacity.
(b) may have excess capacity.
(c) has no capacity at all
(d) will leave the industry.

Q.6 Non-price competition in popular sense called-
(a) Monopoly market
(b) Oligopoly market
(c) Monopolistic competition
(d) Perfect competition

Q.7 Which of these does not apply to Monopolistic Competition?
(a) Large Number of Buyers
(b) Large Number of Sellers
(c) Product Differentiation
(d) Price Competition

Q.8 Under Monopolistic Competition, the Firm can earn ______________ in the short - run.
(a) normal profits only
(b) super normal profits
(c) losses
(d) All of the above

Q.9 Under Monopolistic Competition, in the short - run, the condition AR = MR = MC = AC, means that the firm is earning -

(a) normal profits only
(b) super normal profits
(c) losses
(d) All of the above

Q.10 Under Monopolistic competition, in the short-run, the Firm will never shut-down. this statement is -
(a) True
(b) False
(c) Partially True
(d) None of the above

Q.11 In Monopolistic Competition, the long-run equilibrium price will bet equal to -
(a) Marginal Revenue
(b) Average cost
(c) Marginal cost
(d) Both (a) and (c)

Ans. 1(a) 2(a) 3(a) 4(c) 5(c) 6(c) 7(d) 8(d) 9(a) 10(b) 11(b)