



ECONOMICS

BOOKS - FULL MARKS ECONOMICS (HINGLISH)

NON - COMPETITIVE MARKET

Ncert Textbook Questions Solved

1. Will monopolist firm continue to produce in the short run if a loss is incurred at the best

short run level of output?



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2. The market demand curve for a commodity and the total cost for a monopoly firm producing the commodity is given by the schedules below. Use information to calculate the following:



(i) The MR and MC schedules

(ii) The quantities for which the MR and MC

are equal

(iii) The equilibrium quantity of output and the equilibrium price of the commodity.

(iv) The total revenue, total cost and total profit in equilibrium.



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3. Explain why the demand curve facing a firm under monopolistic competition is negatively sloped?



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4. What is the reason for the long run equilibrium of a firm in monopolistic competition to be associated with zero profit?



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5. What is the value of MR when the demand curve is elastic?



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6. List the three different ways in which oligopoly firms may behave.



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7. What is meant by prices being rigid? How can oligopoly behaviour lead to such an outcome?



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8. Define monopoly.



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9. Under which market form, firm is a price-maker?



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10. What are the shapes of AR and MR curves under monopoly?



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11. How many firms are there in a monopoly market?



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12. What is a price-maker firm?



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13. What does Monopolistic Competition mean?





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14. Why is the demand curve under monopoly less elastic as compared to the demand curve under monopolistic competition?



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15. Define product differentiation.



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16. In which form of market there is product differentiation?



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17. Give the meaning of 'Oligopoly'.



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18. Which one of the following statement 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 homogenous product.

Answer: d



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19. All of the following are characteristics of a monopoly except:

- A. There is a single firm.
- B. The firm is a price-taker.
- C. The firm produces a unique product.
- D. The existence of some advertising.

Answer: b



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20. 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.

Answer: a



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21. 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.

Answer: a



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22. 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

Answer: a



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

- A. Monopoly
- B. Monopolistic competition
- C. Oligopoly
- D. Perfect competition

Answer: d



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

- A. Uniform
- B. Different
- C. Less
- D. Zero

Answer: b



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25. 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 the price to sell additional units of output.

D. The XYZ Co. will not be able to maximise profits because price and revenue are subject to change.

Answer: c



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26. One characteristic not typical of Oligopolistic industry is its:

A. Horizontal demand curve.

B. Too much importance to non-price competition.

C. Price leadership.

D. A small number of firms in the industry.

Answer: a



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27. A Monopolist is a price:

A. Maker

B. Taker

C. Adjuster

D. None of these.

Answer: a



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28. Price discrimination is one of the features of

A. monopolistic competition

B. monopoly

C. perfect competition

D. oligopoly

Answer: b



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29. Pure oligopoly is based on the products.

A. Differentiated

B. homogeneous

C. unrelated

D. None of these

Answer: b



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30. The firm and the industry are one and the same in

A. perfect competition

B. monopolistic competition

C. duopoly

D. monopoly

Answer: d



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31. The demand curve of a monopoly firm will be

- A. upward sloping
- B. downward sloping
- C. horizontal
- D. vertical

Answer: b



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32. A monopolist can sell any quantity he likes at a price. Give reasons with true or false.



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33. Why AR curve (demand curve) under monopolistic competition is more elastic than AR curve under monopoly?



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34. Explain the feature of few firms in an oligopoly market.



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35. Explain the feature of firms mutually interdependent in an oligopoly market.



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36. Explain the feature of interdependence of firms' in an oligopoly market.



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37. Explain the implication of non-price competition in an oligopoly market.



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38. Explain the main features of barriers to the entry of firms.



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39. Give reasons for the following statements:

(i) Demand curve facing a perfectly competitive firm is a horizontal straight line.

(ii) Demand curve facing a monopolistic competitive firm is a downward sloping curve.

(iii) Demand curve facing a monopoly firm is

less elastic than that curve facing a monopolistic competitive firm.



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40. Draw a demand curve in different market situation and also compare its elasticity of demand.



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41. Give reasons for the following statements:

- (i) A perfectly competitive firm is a price-taker.
- (ii) Product differentiation is a characteristic feature of a monopolistic competitive market.
- (iii) A monopolist cannot fix both the quantity that he likes to produce and the price at which he would like to sell.



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42. Explain any two sources of restricted entry under monopoly.



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43. What is meant by price rigidity, under oligopoly.



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44. Under monopoly all firms can sell at any price.



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45. In monopoly, firm is different from industry.



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46. Under monopoly new firms can enter the industry to raise the supply.



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47. Under monopoly a firm sells the goods at a single price.



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48. Under monopolistic competition there is only one seller of the product.



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49. Under monopolistic competition price discrimination can be made easily.



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50. Under monopolistic competition, all the customers have perfect knowledge of the market conditions.



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51. Under oligopoly, there are large number of buyers and sellers.



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52. Under monopolistic competition, a firm faces a perfectly elastic demand curve.



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53. Compare between perfect competition and monopoly.



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54. Compare between perfect competition and monopolistic competition.



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55. Compare between monopoly and monopolistic competition.



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56. Demand curve facing a monopoly firm is a constraint for the monopolist." Comment.



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57. Explain the implication of the following:

The feature of 'no close substitutes' under monopoly.



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58. Distinguish between cooperative and non-cooperative oligopoly.



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59. Differentiate between collusive and non-collusive oligopoly.



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60. What do you mean by duopoly?



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61. Which features of monopolistic competition are monopolistic in nature?



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62. Which features of monopolistic competition are competitive in nature?



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63. What is the importance of monopoly?



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64. Discuss the relationship between total revenue, average revenue and marginal revenue under perfect competition and monopolistic competition. Use diagrams.



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65. In spite of having monopoly why the Indian Railways has not increased the fare for many years?



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66. How to reduce the incidence of selling cost under monopolistic competition because of which price tends to be higher than what it would have been if production cost would have been the sole basis?



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67. Under oligopoly though firms are free to take decisions about price and quantity to be sold but they do not change the price and

hence buyers are deprived of the benefit of fall in price. Comment.



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68. Although there are few (more than one) firms in oligopoly. Even these firms can enjoy monopoly power. How?



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69. How the efficiency may increase if two firms merge?



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70. Selling cost is a nail in the coffin of consumer's sovereignty. How?



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71. "A day without selling costs is nearly impossible". Comment.



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72. Average revenue will always be equal to marginal revenue in all market conditions. Defend or refute.



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73. Price discrimination should be socially desirable. How?



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



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75. Suppose that the demand curve for the XYZ company slopes downward and to the right. Would you conclude that the firm is a price taker or a price maker? Give reasons.



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76. Because of product differentiation under monopolistic competition, price tends to be higher than what it ought to have been in real terms and hence consumers suffer. How?



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