ECONOMICS

BOOKS - FULL MARKS ECONOMICS (HINGLISH)

PERFECT COMPETITION

Ncert Textbook Questions Solved

1. What are the Characteristics of a perfectly competitive market?

View Text Solution

2. What is price line under perfect competition?

View Text Solution

3. What is the relation between market price and average revenue of a pricetaking firm i.e. perfectly competitive firm)?

View Text Solution

4. Define market for a good.

View Text Solution

5. What are the main forms of market?

View Text Solution

6. Define perfect competition.

View Text Solution

7. What do you mean by homogenous product?

View Text Solution

8. In which market forms are average revenue and marginal revenue of a firm always equal?

View Text Solution

9. In which market form does a firm face a perfectly elastic demand curve?

View Text Solution

10. What induces new firms to enter an industry?

View Text Solution

11. If the firms are earning abno profits how will the 'number of firms in industry' change?

View Text Solution

12. In which market form are goods sold at a uniform price?

View Text Solution

13. Why are selling costs not incurred in perfect competition?

View Text Solution

14. What is meant by the term "pricetaker' in the context of a firm?

View Text Solution

15. Under which market form a firm is a price-taker?

View Text Solution

16. What is a price taker firm?

View Text Solution

17. 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

Answer: a

View Text Solution

18. Which one of the following equations 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

Answer: c

View Text Solution

19. Which one of the following options is not a condition of perfect competition?

A. A large number of firms.

B. Perfect mobility of factors.

C. Informative advertising to ensure that consumers have good information.

D. Freedom of entry and exit into and out of the market.

Answer: c

View Text Solution

20. Under perfect competition a firm is …………………… .

A. price maker and not price taker

B. price taker and not price maker

C. neither price maker nor price taker

D. None of these.

Answer: b

View Text Solution

21. Which one of the following options 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.

Answer: c

View Text Solution

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

A. The individual firm must have fewer than 10 employees.

B. The individual firm faces a downward-sloping demand curve.

C. The individual firm has assets of less than 20 lakh.

D. The individual firm is unable to affect market price through its output decisions.

Answer: d

View Text Solution

23. 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

Answer: b

View Text Solution

24. 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 homoger.eous product.

D. there is easy entry into or exit from the market place.

Answer: b

View Text Solution

25. Suppose that a sole proprietorship is earning total revenues of 1,00,000 and is incurring explicit costs of 75,000. If the owner could work for another company for 30.000 a year, we would conclude that ....

A. the firm is incurring an economic loss.

B. implicit costs are 25,000.

C. the total economic costs are Rs. 1,00,000.

D. the individual is earning an economic profit of 25,000.

Answer: a

View Text Solution

26. 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.

Answer: d

View Text Solution

27. The term 'market' refers to a............

A. place where buyer and seller bargain a product or service for a price

B. place where buyer does not bargain

C. place where seller does not bargain

D. None of these.

Answer: a

View Text Solution

28. Explain feature of homogeneous product.

View Text Solution

29. Explain the implication of homogeneous product.

View Text Solution

30. "In perfect competition, industry is the price maker and firm is the price taker."

Discuss.

View Text Solution

31. Explain features of perfect knowledge about the market.

View Text Solution

32. What is the relationship between TR, AR and MR under perfect competition?

View Text Solution

33. Why is AR curve of a firm under perfect competition parallel to X-axis?

View Text Solution

34. There are large number of sellers in a perfectly competitive market. Explain the significance of this feature.

View Text Solution

35. In perfect competition, a firm independently determines price.

View Text Solution

36. In perfect competition every firm of the industry is price maker.

View Text Solution

37. Under perfect competition, all the units of a good produced can be heterogeneous.

View Text Solution

38. The condition for shutdown point is, the price is equal to minimum of short run average cost.

View Text Solution

39. In perfect competition, selling costs can help in raising sale of the product.

View Text Solution

40. Rising portion of MC curve is a supply curve of a competitive firm.

View Text Solution

41. Explain feature (implication) of large number of sellers and buyers' in perfect competition.

View Text Solution

42. Explain the implications of large number of sellers in a perfectly competitive market.

View Text Solution

43. Explain the implications of large number of buyers in a perfectly competitive market.

View Text Solution

44. Explain the features of free entry and exit of firms.

View Text Solution

45. Explain the outcome of the following features of a perfectly competitive market:

(i) Freedom to firms to enter the industry.

(ii) Freedom to the firms to leave the industry.

View Text Solution

46. What are the conditions for short run shutdown point?

View Text Solution

47. A perfectly competitive firm faces market price equal to Rs. 15.

(i) Derive its total revenue schedule for the range of output from 0 to 10 units.

(ii) Suppose the market price increases to17. Will the new TR curve be flatter or steeper?

View Text Solution

48. What is a competitive market? Briefly describe a type of market that is not perfectly competitive.

View Text Solution

49. What is the relationship between a perfectly competitive firm's marginal cost curve and its short-run supply curve?

View Text Solution

50. "The rising portion of the SMC curve is the firm supply curve of competitive firm". Explain.

View Text Solution

51. Explain the short run supply curve of the firm.

View Text Solution

52. Supply curve is the rising portion of marginal cost curve over and above the minimum of Average Variable cost curve. Do you agree? Support your answer with valid reason.

View Text Solution