



# **ECONOMICS**

**BOOKS - RADHA BHUGANA**

**ECONOMICS (HINGLISH)**

**CONCEPTS OF REVENUE**

**Example**

1. Find out AR and MR :

<i>Quantity Sold</i>	1	2	3	4	5	6
<i>TR (₹)</i>	20	36	48	56	60	60



[Watch Video Solution](#)

2. Complete the following table for TR and MR

<i>Units of Output</i>	1	2	3	4
<i>AR (₹)</i>	10	8	6	2



[Watch Video Solution](#)

3. From the table given below, calculate TR, AR and MR

<i>Units Sold</i>	1	2	3
<i>Price</i>	6	5	4



[Watch Video Solution](#)

4. Complete the following table when each unit of a commodity can be sold at Rs 5

<i>Qty. Sold</i>	1	2	3	4	5	6	7
<i>TR (₹)</i>							
<i>AR (₹)</i>							
<i>MR (₹)</i>							





Watch Video Solution

5. Complete the following table :

Output (Units)	Price (₹)	Total Revenue (₹)	Marginal Revenue (₹)
4	9	36	-
5	-	-	4
6	-	42	-
7	6	-	-
8	-	40	-



Watch Video Solution

6. Calculate TR, AR and MR from the following table

Price (₹)	1	2	3	4	5	6	7
Units Sold	100	90	80	70	60	50	40



[Watch Video Solution](#)

7. A seller can sell 3 diamond rings at a price of Rs 12,000 each. If he sells four, his marginal revenue will be Rs 10,500. Calculate the price at which he can sell four rings.



[Watch Video Solution](#)

8. Suppose, the market price of a commodity as determined by forces of demand and supply is Rs 12 per unit. Given this price, draw AR,MR and TR curves of a firm with different levels of output.



[View Text Solution](#)

9. Complete the following table containing data about TR,AR and MR

<i>Units Sold</i>	<i>TR (₹)</i>	<i>MR (₹)</i>	<i>AR (₹)</i>
1	10	10	-
2	-	-	9
3	24	-	-
4	-	4	7
5	30	-	6
6	30	0	-
7	28	-	4
8	-	-4	3



[Watch Video Solution](#)

**10.** From the TR schedule of a seller given below, calculate AR and MR for 6 units. Is this

seller in a perfectly competitive market ?

Qty. Sold	TR (₹)
5 units	300
6 units	360



[Watch Video Solution](#)

11. From the table given below, calculate TR, AR and MR

Set I	Units Sold	3	4	5
	Price (₹)	10	9	8
Set II	Units Sold	6	7	8
	Price (₹)	5	4	3



[Watch Video Solution](#)



12. A firm's TR schedule is given in the following table. What is the product price facing the firm ?

<i>Output</i>	1	2	3	4	5
<i>TR (₹)</i>	7	14	21	28	35



[Watch Video Solution](#)

13. A perfectly competitive firm sells at market price equal to Rs 15

(i) Derive its TR schedule for rings of output from 0 to 10 units.

(ii) Suppose, market price increases to Rs 17 .

Will the new TR curve the be flatter or steeper

?



[Watch Video Solution](#)

**14.** The MR schedule of a monopoly firm is given below. Derive the TR and AR schedules.

Output (units)	0	1	2	3	4	5	6	7
MR (₹)	—	14	10	7	5	0	-3	-5



[Watch Video Solution](#)

15. Complete the following table :

<i>Output (Units)</i>	<i>Price (₹)</i>	<i>MR(₹)</i>	<i>TR (₹)</i>
1	-	10	
2	9	-	-
3	-	-	24
4	-	4	-



**Watch Video Solution**

16. Complete the following table

<i>Output (Units)</i>	<i>AR (₹)</i>	<i>MR (₹)</i>	<i>TR (₹)</i>
1	-	15	15
2	-	-	26
3	11	-	-
4	-	3	36



**Watch Video Solution**

17. Complete the following table :

<i>Output (Units)</i>	<i>Price (₹)</i>	<i>MR (₹)</i>	<i>TR (₹)</i>
1	-	10	10
2	-	4	-
3	-	-	15
4	-	(-) <sup>3</sup>	-



**Watch Video Solution**

18. Complete the following table :

Output (Units)	TR (₹)	MR (₹)	AR (₹)
1	-	-	8
2	-	4	-
3	12	-	-
4	8	-	2



[Watch Video Solution](#)

Let Us Recapitulate

1. Complete the following table

Output (Units)	1	2	3	4
TR (₹)	4	6	6	4
MR (₹)				
AR (₹)				



[Watch Video Solution](#)

Let Us Recapitulate Fill In The Blank

1. As long as MR is positive TR \_\_\_\_\_.



[View Text Solution](#)

## Fill In The Blank

1. When TR is constant MR is \_\_\_\_\_.



[View Text Solution](#)

2. When MR is negative TR \_\_\_\_\_.



[View Text Solution](#)



3. When TR increases at constant rate MR is \_\_\_\_\_.



[View Text Solution](#)

4. AR \_\_\_\_\_ when price falls with rise in output



[View Text Solution](#)

5. MR \_\_\_\_\_ when TR increases at a diminishing rate.



[View Text Solution](#)

Mcq

1. Price of a commodity is

A. TR

B. MR

C. AR

D. none of these

**Answer: C**



**View Text Solution**

2. MR curve is parallel to X-axis because

A. Price falls

B. price rises

C. price fluctuates

D. price remains uniform

**Answer: D**



**View Text Solution**

**3.** Demand curve under monopolistic competition is

A. more elastic as compared to monopoly

B. unitary elastic

C. perfectly elastic

D. perfectly inelastic.

**Answer: A**



**View Text Solution**

**4.** As long as MR is positive TR

A. decreases

B. increases

C. remains constant

D. none of these

**Answer: B**



**View Text Solution**

**5. In monopolistic competition**

A.  $MR < AR$

B.  $MR > AR$

C.  $MR=AR$

D. none of these

**Answer: A**



[View Text Solution](#)

6. When a firm sells more at the uniform price,

TR :

- A. increases at falling rate
- B. increases at rising rate
- C. increases at constant rate
- D. none of these

**Answer: C**



 [View Text Solution](#)

7. When MR rises, TR rises at \_\_\_\_\_ rate.

A. falling

B. increasing

C. constant

D. all of these

**Answer: B**



[View Text Solution](#)



8. When 5 units of a good are sold, TR is Rs 100. when 6 units are sold, MR is Rs 8 . At what price are 6 units sold ?

A. Rs 28 per unit

B. Rs 20 per unit

C. Rs 18 per unit

D. Rs 12 per unit

**Answer: C**



**Watch Video Solution**

9. AR and price are always equal under :

- A. perfect competition only
- B. monopolistic competition only
- C. monopoly only
- D. all market forms

**Answer: D**



**View Text Solution**

**10.** In which form of market is the demand of a firm perfectly elastic :

A. monopoly

B. perfect competition

C. monopolistic completion

D. oligopoly

**Answer: B**



**View Text Solution**

## Objective Type Question

1. Define Revenue.



[View Text Solution](#)

2. Define total revenue (TR)



[View Text Solution](#)

3. Define marginal revenue (MR)





[View Text Solution](#)

4. What change in TR will result in a decrease in MR ?



[View Text Solution](#)

5. Define average revenue (AR)



[View Text Solution](#)

6. What is the effect on MR when TR increases at constant



[View Text Solution](#)

7. In an imperfectly competitive market, if the total revenue is maximum, marginal revenue will be\_\_\_\_\_.



[View Text Solution](#)

8. Let TR be total revenue. 'Q' be quantity of output, and 'n' the number of units, then MR is equal to ?



[View Text Solution](#)

9. What is the effect of increasing TR at a decreasing rate ?



[View Text Solution](#)

10. When does MR curve falls below AR curve ?



[View Text Solution](#)

11. What is the relationship between TR , price and quantity sold ?



[View Text Solution](#)

12. How does TR change with output when MR is zero ?





[View Text Solution](#)

**13.** When TR fallse, what happens to MR ?



[View Text Solution](#)

**14.** What is the relationship between price and  
MR ?



[View Text Solution](#)

**15.** Why is AR always equal to MR for a perfectly competition firm ?



**View Text Solution**

**16.** What is the shape of TR curve under monopoly ?



**View Text Solution**

**17.** What is the shape of total revenue curve under perfect competition?



**View Text Solution**

**18.** What is price line under perfect competition ?



**View Text Solution**

**19.** What is the shape of AR and MR curves under perfect competition ?



**View Text Solution**

**20.** What is the shape of AR and MR curves under monopoly and monopolistic competition ?



**View Text Solution**

1. What will be the effect on MR when

(i) TR increases at a decreasing rate, and

(ii) TR increases at constant rate ?



[View Text Solution](#)

2. What change in Tr will result in

(i) a decreases in MR and

(ii) an increase in MR ?



[View Text Solution](#)

3. When can MR be zero and negative ?



[View Text Solution](#)

4. Give an alternative name of price of the commodity.



[View Text Solution](#)

5. When does TR make an angle of  $45^\circ$  ?



[View Text Solution](#)

6. What is the shape of TR curve in a monopoly or monopolistic competition ?



[View Text Solution](#)

7. What is relationship between AR and MR , when price remains constant ?



[View Text Solution](#)

8. What is the relationship between TR and MR, when price remains constant ?



[View Text Solution](#)

9. What is the relationship between TR and Price line ?



[View Text Solution](#)



**10.** What is the relationship between AR and MR when price falls with rise in output ?



**View Text Solution**

**11.** What is relationship between TR and MR when price falls with rise in output ?



**View Text Solution**

**12.** What is the shape of AR curve when

(i) TR curve is a positively sloped straight line passing through the origin

(ii) TR curve is a horizontal line ?



**View Text Solution**

**13.** AR curves under perfect competition is a downwards sloping curve. Defend or refute.

Give reason



**View Text Solution**

14. When MR is falling but positive, TR will also be falling and positive. True or False.



[View Text Solution](#)

**Hots**

1. What change will take place in MR, when

(i) TR increases at an increasing rate, (ii) TR

increases at a diminishing rate,

(iii) TR increases at a constant rate.



[View Text Solution](#)

2. Why AR curve under monopolistic competition is more elastic than AR curve under monopoly ?



[Watch Video Solution](#)

3. Prove that area under AR (and MR) curve is equal to total revenue is case of perfect competition.



[View Text Solution](#)

4. Give relation between

TR and MR when price is constant. (ii) AR and

MR when price is constant.



[View Text Solution](#)

5. Give relation between

TR and MR when price falls with rise in output

(ii) AR and MR when price falls with rise in

output.



[View Text Solution](#)

## Value Based Questions

1. A firm has monopoly control over a market. It exercised a policy of selling its product at a price decided by it. However at the end of the year, it observed that its sales had been low compared to what it had planned. What is the reason behind low performance of the firm ?



[View Text Solution](#)

2. A firm can maximise its sales either by selling low quantity at a higher price or by selling higher at a lower price ? Both yields the same revenue to the firm. Which one in your opinion will be right for him ?



[View Text Solution](#)

**Guidelines To Ncert Question**

1. How are the total revenue of a firm, market price and quantity sold by the firm related to each other ?



[View Text Solution](#)

2. Why is the total revenue curve of a price taking firm an upward sloping straight line ?  
Why does the curve pass through the origin ?



[View Text Solution](#)



3. What is the price line ?



[View Text Solution](#)

4. What is the relation between

(i) Market price and AR of a price taking firm ?

(ii) Market price and MR of a price taking firm ?



[View Text Solution](#)

5. Compute TR,MR and AR scheduled in the following table. Market price of each unit of the good is Rs 10

<i>Qty. Sold</i>	<i>TR</i>	<i>MR</i>	<i>AR</i>
0	-	-	-
1	-	-	-
2	-	-	-
3	-	-	-
4	-	-	-
5	-	-	-
6	-	-	-



**Watch Video Solution**

**Very Short Answer Type Questions**

1. What is meant by revenue in microeconomics ?



[View Text Solution](#)

2. Define total revenue.



[View Text Solution](#)

3. How are the total revenue of a firm, market price, and the quantity sold by the firm related

to each other ?



**View Text Solution**

4. Define average revenue .



**View Text Solution**

5. Define marginal revenue.



**View Text Solution**

6. How is MR derived from TR ?



[View Text Solution](#)

7. If all the units are sold at the same rate, how will it affect AR and MR ?



[View Text Solution](#)

8. What is the relationship between price curve and MR curve, when price remains same at all output levels ?



[View Text Solution](#)

9. What are the shapes of AR and MR curves, when each unit is sold at the same price. ?



[View Text Solution](#)

10. Can MR be zero or negative ?



[View Text Solution](#)

**11.** Can the average revenue curve lie in the negative axis ?



**View Text Solution**

**12.** What is the meant by break-even point ?



**View Text Solution**

**13.** If MR curve is parallel to the X-axis, what does it tell about price and the demand ?



[View Text Solution](#)

14. Out of the three concepts of revenue, which one is also known as price ?



[View Text Solution](#)

15. What is the shape of TR curve, when price remains same at all output levels ?



[View Text Solution](#)



**16.** How does TR change with output when MR is negative ?



**View Text Solution**

**17.** What happens to TR when MR is positive ?



**View Text Solution**

**18.** How does TR react when MR is zero ?



**View Text Solution**

**19.** What is 'Price line' ?



**View Text Solution**

**20.** Comment on the shape of the MR curve in case the TR curve is a horizontal straight line.



**View Text Solution**

**21.** Draw AR curve under perfect competition.





[Watch Video Solution](#)

22. Under which market form a firm's MR is always equal to price.



[View Text Solution](#)

23. A firm is able to sell any quantity of a good at a given price. The firm's marginal revenue will be :

A. equal to AR

B. greater than AR

C. less than AR

D. zero

**Answer: a**



**View Text Solution**

## Short Answer Type Question

1. Explain the relation between MR and AR when a firm is able to sell more quantity of

output.

(i) at the same price (ii) Only by lowering the price.



[View Text Solution](#)

2. Explain the relationship between total revenue and marginal revenue with the help of a revenue schedule and diagram.



[Watch Video Solution](#)

3. What change in TR will result in (i) a decrease in MR. (ii) An increase in MR ?



**View Text Solution**

4. How do change in MR effect TR ?



**View Text Solution**

## 5. Complete the following table

Price (₹)	Output (Units)	TR	MR
7	-	7	-
-	2	10	-
-	3	-	-1
1	-	-	-5



[Watch Video Solution](#)

6. Draw in a single diagram the average revenues and marginal revenues of a firm which can sell any quantity of the good at a given price. Explain.



[Watch Video Solution](#)

7. Draw AR and MR curves in a single diagram of a firm which can sell more units of a good only by lowering the price of that good. Explain.



[Watch Video Solution](#)

8. Why is demand curve of a firm under monopolistic competition more elastic than under in monopoly. Explain.





 [View Text Solution](#)

9. Why is Average Revenue always equal to price.

 [View Text Solution](#)

10. State the relation between marginal revenue and average revenue.

 [View Text Solution](#)

**11.** Under what market condition does average Revenues always equal to Marginal Revenues ? Explain.



[View Text Solution](#)

**12.** Define average Revenues. Show that Average Revenue and price are same.



[View Text Solution](#)

1. Explain the relationship among TR , AR and MR with the help of a diagram.



**Watch Video Solution**

2. Discuss the relationship between AR and MR when price is reduced to sell more .



**View Text Solution**

3. Discuss the relationship between TR and MR when prices is reduced to sell more.



[View Text Solution](#)

4. Briefly explain the relation between TR and MR curves in

(i) Perfect competition (ii) Monopoly or monopolistic competition.



[View Text Solution](#)

5. Draw AR,MR curves of a firm under : (i) Perfect competition (ii) Monopoly



[Watch Video Solution](#)

6. What happens to AR when MR is

(i) Greater than AR (ii) Equal to AR (iii) less than AR



[View Text Solution](#)

1. Complete the following table for MR and AR

:

<i>Output</i>	1	2	3	4	5
<i>Total Revenue (₹)</i>	14	24	28	28	12



Watch Video Solution

2. Complete the following table :

<i>Price (₹)</i>	6	4	2	1
<i>Output (units)</i>	1	2	3	4
<i>TR (₹)</i>				
<i>MR (₹)</i>				



Watch Video Solution

### 3. Complete for MR and TR :

Quantity	1	2	3	4	5
Average Revenue (₹)	10	9	8	6	4



[Watch Video Solution](#)

### 4. Calculate price and Total revenue :

Quantity sold	1	2	3	4
MR (₹)	20	18	16	12



[Watch Video Solution](#)