ECONOMICS

BOOKS - GOYAL BROTHERS PRAKASHAN ECONOMICS (HINGLISH)

OTHER FORMS OF MARKET

Exercise Mutliply Choice Questions

1. One basic charactertistics of monopolistic competition which separates this market from

a perfectly competitive market is :

A. Large number of buyers

B. small numbers of sellers

C. Homogeneous products

D. Differentiated products

Answer: D

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2. In a monopoly market there are:

A. No subsititutes

B. No close substitutes

C. No distant substitutes

D. All the above

Answer: B

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3. In an oligopoly market there are:

A. Few sellers

B. Few big sellers

C. Either (a)or(b)

D. Neither (a)nor(b)

Answer: C

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4. Ina monopoly market the MR curve:

A. Lies above the AR cruve

B. Lies below the AR curve

C. Coincides with the AR curve

D. Intersects with the AR curve

Answer: B

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5. Price elasticity of demand of a product of a firm under monopolistic competition as compared to monopoly is comparatively:

A. Higher

B. Lower

C. Same

D. Can be any of the above

Answer: A

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6. Monopoly (M) monopoly cometition (MC) and oligopoly (O) when arranged on the basic of numbers of firms in the ascending order are:

A. MC,M,O

B. M,MC,O

C. MC,O,MO

D. M,O,MC

Answer: D

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Exercise Short Answer Question I

1. Explain the significance of the term 'close' in close substitutes of a good.

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2. States three features of monopolistic competition.

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3. Draw AR curves of a firm under perfect competiton and monopoly.

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4. Draw and compare the AR curves of a frim under monopoly and monopolistic competition in a single diagram.

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5. Why is the demand curve of a monopoly firm downward sloping?

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6. Why is demand curve of a firm under monopolistic competition more elastic than under monopoly?

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7. Draw AR and MR curves of a firm under perfect competition and under monopoly.

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8. State three dissimilarities between perfect competition and monopoly.

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9. Explain the dissimilarities between perfect competition and monopolistic comptition.

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10. Explain the relation between AR and MR under monopoly. Use diagram.

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11. State three features of oligopoly.

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12. Explain the meaning of oligopoly.

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13. Explain the features mutual dependence of firms in oligopoly.

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14. Distinguish between perfect and imperfect oligopoly.

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15. Distinguish between collusive and non-collusive oligopoly.

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Exercise Short Answer Question Ii

1. Explain the features of monopoly.

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2. Define monopolistic competition and state its features.

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3. Explain briefly features of monopolistic competition.

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4. Draw and compare demand curves of a firm under perfect competition, monopoly and monopolistic competition.

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5. State the similarities and dissimilarities between perfect competition and monopolistic competiton.

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6. Explain the dissimilarities between monopoly and monopolistic competition.

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7. Explain the relation AR and MR under(a) perfect competiton, and(b) under monopoly.

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8. Define oligopoly. Explain one features which is exclusive to the oligopoly market.

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9. State four features of oligoply.

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10. Identify the market forms on the basic of the following data about a firm:

Output Sold (Units)	Price of X (Rs)	Price of Y (Rs)
100	10	10
150	9	10
200	8	10

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Exercise Long Answer Question

1. Define does monopolistic competiton. Explain its features.

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2. what does demand curve foa a firm show? Draw and compare demand curves under monopoly and monopolistic competition.Explain.

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3. Explain the similarities between perfect competition and monopolistic competition.

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4. Explain the dissimilarities between perfect competition and monopoly.

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5. Explain the features (i) mutual dependence among firm and (ii) non-price competition in oligopoly.

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6. Explain the distinction between:

(i)Perfect oligopoly and imperfect oligopoly.

(ii) collusive and non-collusive oligopoly.

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Exercise Some Important Question

1. State three main features of a monopoly market. Describe any one.

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2. State three main features of monopolistic competition. Describe any one.

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3. Why is average revenue curve of a firm under perfect comopetition parallel to X-axis and negatively sloped under monopoly?

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4. Drae average revenue curve of a firm under (i) monopoly and (ii) perfect competition. Explain the difference in these curves, if any.

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5. Why is average revenue curve of a firm monopolist less elastic than the average revenue curve of a firm under monopolistic competition? Explain.

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6. Explain the features 'differentiated product' of a market with monopolistic competition.

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7. Explain the following: (i) Free entry and exit feature of perfect competition. (ii) Differentiated products 'feature ofmonopolistic competition'.

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8. Distinguish between perfect competition and monopolistic competition.

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9. Identify the market forms of the two sellers of goods A and B, given the following information. Give reasons for your answer:

Output Sold (Units)	Price of X (Rs)	Price of Y (Rs)
10	5	5
20	5	4
30	5	3

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10. Distinguish between collusive and non-collusive oligopoly. Explain how the oligopoly firms are interdependent in taking price and output decisions.

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11. Explain the following features of oligopoly: (i) Few firms, (ii) Non-price competition.

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12. Giving reasons, state whether the following statement are true or false:

(i) A monopolist can fix both, the price of his product and the quantity to be sold at that price.

(ii) Under monopolistic competition, a firm faces a perfectly elastic demand curve.

(iii) A monopolist can sell any quantity he likes at a price?

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13. what is imperfect oligopoly?

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14. Why is number of firms small in oligopoly?

Explain.

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Exercise Value Base Question

1. Market of product is monopoly, legaly created, Keeping in view the charaveristics of a monopoly market, what option is available to reduce the monopoly power of the monopoly firm. Explain.

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Exercise Understanding Based Question

1. Why is the demand curve of a firm under monopolistic competition more elastic than under monopoly? Explain.

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2. Market for a necessary good is competitive in which the existing firms are earning super-normal profits. How can the policy of liberalisation by the government help in making the market more competitive in the interests of the consumers. Explain.

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3. Cigarette smoking is injurious to health. How can the government reduce its consumption but only through the normal market forces. Explain the chain of effects of government's action.

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

(i) Freedom to the firms to enter the industry

(ii) Freedom to the firms to leave the industry

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5. Explain the implications of the following in an oligopoly market:

(i) Interdependence between firms

(ii) Barriers to the entry of new firms

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6. What is a price taker firm?

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7. What is price maker firm?

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8. Market for a good is in equilibrium. There is simultaneous increase demand and supply of the good. Explain its effect on market price.

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9. Market for a good is in equilibrium. Explain the chain of reactions in the market if the price is (i) higher than equilibrium price and (ii)lower than equilibrium price.

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10. Explain why are there only a few firms in an oligopoly market.

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11. A product market is in equilibrium. Suppose the demand for the product decreases. What changes will take place in the market ? Use diagram.

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12. Explain the implications of "large number of buyers" under perfect competition.

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13. Explain the implication of non-price competition under oligopoly.

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14. Explain the implications of the following ina perfectly competitive market:

(a) Large number of sellers

(b) Homogeneous products

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15. Explain the implications of the follwing in oligopoly market:

(a) Barriers to entry of new firms

(b) A few or a few big sellers

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16. A monopolist can fix both, the price of product and the quantity to be sold at that price. True or false. Give reason.

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Multiple Choice Question Unit 1

1. Which of the following is an assumption of Prduction Possibility Frontier?

A. Resource ar not fully employed.

B. Resouces ar not equally efficient for production of the two goods.

C. Resource ar not efficiently employed.

D. Resource available are not fixed.

Answer: B

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Unit 2

1. Marginal utlility is:

A. The utility from first unit of a commodily consumed.

B. The utility from the last unit consumed.

C. Total utility divided by the number of unit consumed.

D. Always positive.

Answer: B

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2. Total utility is :

A. The sum of marginal utilities.

B. Utility from the first unit $\times$ Number of units consumed.

C. Always increasing.

D. Utility from last unit $\times$ Nuimber of unit consumed.

Answer: A

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3. If due to fail in price of good X, demand for good Y rises, the two goods are:

A. Substitutes

B. complements

C. Not related

D. Competitive

Answer: B

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4. If marginal Rate of Substitution is increasing throughout, the Indifference Curve will be :

A. Downward sloping convex

B. Downward sloping concave

C. Downward sloping straight line

D. Upward sloping convex

Answer: B

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5. If with the rise in price of good Y, demand for good X rises, the two good are :

A. Substitutes

B. Complements

C. Not related

D. Jointly demanded

Answer: A

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6. A consumer consumes only two goods. If price of one of the good falls, the Indifference Curve :

A. Shifts upwards

B. Shifts downwards

C. Can shift both upwards and downwards

D. Does not shift

Answer: D

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7. When income of the consumer falls, the impact on price-demand curve of an inferior good is :

A. Shifts to the right

B. Shifts to the left

C. There is upward movement along the curve.

D. There is downward movement along the curve

Answer: A

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8. If marginal Rate of Substitution is constant throughout, the Indifference Curve will be :

A. Parallel to the x-axis

B. Downward sloping concave

C. Downward sloping convex

D. Downward sloping straight line

Answer: D

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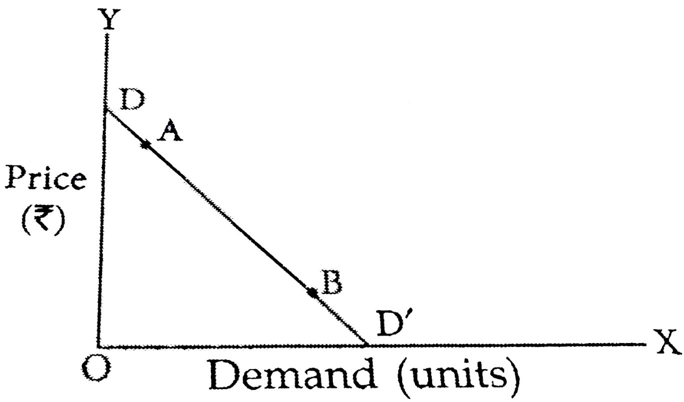
9. DD' is a demand curved, A and B are two points on it, price elasticity of demand at point A is :



A. Less than elasticity of demand at B.

B. Equal to elasticity of demand at B.

C. Greater than elasticity of demand at B.

D. Less than 1.

Answer: C

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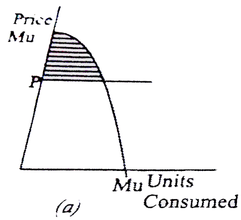
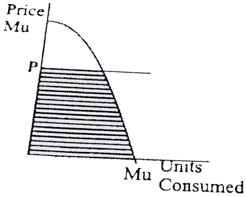
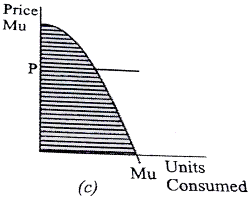
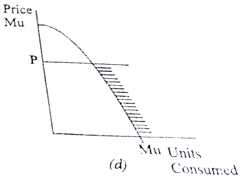
10. Which of the shaded area in the diagrams below represent total utility?

A. 

B. 

C. 

D. 

Answer: C

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11. Which of the following can be referred to as 'point of satiety?

A. Marginal Utility is negative

B. Total Utility is rising

C. Marginal Ulitlity is zero

D. Total Utility is falling

Answer: C

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Unit 3

1. Suppose total revenue is rising at a constant rate as more and more units of a commodity are sold,marginal revenue would be :

A. Greater than average revenue

B. Equal to average revenue

C. Less than average revenue

D. Rising

Answer: B

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

A. Greater than average revenue

B. less than average revenue

C. Equal to average revenue

D. Zero

Answer: C

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3. A firm is able to sell quantity of a good only by lowering the price. The firm's marginal revenue, as he goes on selling would be :

A. Greater than average revenue

B. less than average revenue

C. Equal to average revenue

D. Zero

Answer: B

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4. The average fixed cost at 4 units of output is Rs 20. Average variable costs at 5 units of output is Rs 40. Average cost of producing 5 unit is :

A. Rs 25

B. Rs 40

C. Rs 56

D. Rs 60

Answer: C

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5. The total cost of 5 unit of output is Rs 30. The fixed cost is Rs 5. The average variable cost of 5 unit of output is :

A. Rs 25

B. Rs 6

C. Rs 5

D. Rs 1

Answer: C

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Unit 4

1. In a commodity market excess demand exists when :

A. Market price is greater than equilibrium price .

B. Equilibrium price is greater than market price .

C. Equilibrium price is not equal to market price.

D. Government fixes the price.

Answer: B

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2. When actual price of a commodity is less than equilibrium price, its price :

A. Starts rising

B. Starts falling

C. Starts fluctuating

D. Remains constant

Answer: A

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3. Homogeneous products' is a characteristic of :

A. Perfect competition only

B. Perfect oligopoly

C. Both (a) and (b)

D. None of these

Answer: C

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4. There is inverse realtion between price and demand for the product of a under :

A. Monopoly only

B. Monopolistic competition only

C. Both under monopoly and monopolistic competition

D. Perfect competition only

Answer: C

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5. Differentiated product' is a characteristic of :

A. Monopolistic competition only

B. Oligopoly only

C. Both monopolistic competition and oligopoly

D. Monopoly

Answer: C

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6. Demand curve of a firm is perfectly elastic under :

A. Perfect competition

B. Monopoly

C. Monopolistic competition

D. Oligopoly

Answer: A

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7. A few big sellers' is a chararteristics of :

A. Perfect competition

B. Monopolistic competition

C. Oligopoly

D. None of these

Answer: C

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8. Marginal revenue of a firm is constant throughout under :

A. Perfect competition

B. Monopolistic competition

C. Oligopoly

D. All of these

Answer: A

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Sample Paper

1. What is sampling error?

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2. What is non- sampling error?

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3. What is the new name and full form of Planing Commission?

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4. Define an 'exclusive class' in a frequency distribution.

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5. Define dispersion.

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6. Define an index number.

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7. Distinguish between 'absolute dispersion' and realtive disperson'. Name two measures of each.

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8. Explain the two basic elements of an index number.

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9. measure of correlation signifies direction of association between two variable. Explain this in the context of law of demand and law of supply.

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10. Explain the structure of National Sample Survey Office

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11. Write a note an Cenus of India.

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12. Calculate Arithmetic mean by the "Assumed mean" method

Class	Frequency
0 – 4	2
5 – 8	6
9 – 12	10
13 – 16	8
17 – 20	1

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13. Calculate the coefficient of rank correlation.

X	1	2	3	4	5
Y	4	4	4	4	4

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14. Explain how study of statistics is help in formulation of economic theory.

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15. Explain how study of statistics is helpful in formulation of economic policies.

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16. calculate standard Deviation by the short-cut Method.

Variable	Frequency
0 - 20	5
20 – 40	10
40 – 60	20
60 – 80	40
80 – 100	25

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17. A consumer consumes only two goods X and Y. Thir market prices are respectively Px and Py. What is the effect of change in any one or both the prices on indifference curve. State the reason.

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18. State meaning of cost in economics.

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19. Define oligopoly.

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20. What is perfect oligopoly?

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21. State the meaning of differentiated products.

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22. Explain central problem of 'for' whom to produce'.

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23. How do homogeneous products contribute in making a market perfectly competitive? Explain.

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24. Explain condition of consumer's equilibrium un utility analysis.

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25. If MRS is lower than the ratio of the prices of the two goods the consumer consumes. Explain the reaction of the consumer to this situation.

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26. Explain the implications of maximum price ceiling. Use diagram.

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27. Two indifference curves cannot intersect each other. Explain Why? Use diagram.

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28. State the phases of output behaviour in returns to a factor. Also explain causes behind this behaviour.

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29. Draw ATC, AVC and MC curves in a single diagram. Also explain the relation between (a) ATC and AVC curves and (b) MC, ATC and AVC curves.

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