

Chapter 6 – Non-Competitive Markets

Question 1

A monopolistic is a price

1. Acceptor
2. Taker
3. Giver
4. Maker

Answer: Taker

Question 2

The demand curve of Oligopoly is?

1. Kinked
2. Vertical
3. Horizontal
4. Rising left to Right

Answer: Kinked

Question 3

The concept of the supply curve is relevant only for?

1. Oligopoly
2. Monopoly
3. Monopolistic Competition
4. Perfect Competition

Answer: Perfect Competition

Question 4

In perfect competition, when the marginal revenue and marginal cost are equal, profit it?

1. Zero
2. Average
3. Maximum
4. Negative

Answer: Maximum

Question 5

Which of the below-mentioned option is not mentioned in imperfect competition?

1. A large number of buyers
2. Single sellers
3. Similar/Homogenous product
4. Price maker

Answer: Similar/Homogenous product

Question 6

In perfect competition, a company earns an abnormal profit when average revenue exceeds the?

1. Total revenue
2. Average cost
3. Total fixed cost
4. Marginal revenue

Answer: Average cost

Question 7

In the monopolistic market, which curves lie below the demand curve and slopes downward?

1. Marginal cost
2. Average cost
3. Average revenue
4. Marginal revenue

Answer: Marginal revenue

Question 8

When a negative sloping straight-line demand curve, the total revenue curve is.

1. A rectangle hyperbola
2. Convex to the original
3. An inverted vertical parabola
4. Concave to the origin

Answer: An inverted vertical parabola

Question 9

Cartels exist in.

1. Oligopoly
2. Duopoly
3. Monopoly
4. Perfect competition

Answer: Monopoly

Question 10

In monopolistic competition the goods are.

1. Durable
2. Differentiated
3. Heterogeneous
4. Homogeneous

Answer: Differentiated

Question 11

Which market has characteristics of product differentiation

1. Monopolistic competition
2. Oligopoly
3. Monopoly
4. Perfect competition

Answer: Monopolistic competition

Question 12

Oligopoly that had identical product is known as.

1. Pure oligopoly
2. Collusive oligopoly
3. Independent oligopoly
4. None of the above

Answer: Pure oligopoly

Question 13

Explain the effect of a 'price ceiling'.

Answer: The direct effect of a price ceiling may be termed as black marketing. It is a state, where the product under the government's authority is illegally sold at higher rates than the price fixed by the government. It might be possible when a buyer is willing to pay in higher rates for the product than not to buy.

Question 14

A Market for a good is in equilibrium. Demand for good 'increases'. Explain the chain effects of this change.

Answer: The chain effects of this change are

- When the price is constant, surplus demand emerges.
- This also increases the competition among the buyers insisting them to raise the price
- A rise in the price of a product cause fall or decrease in the demand and expansion or rise in supply
- The cost of the product continues to increase until the market is in balanced at a greater price.