Chapter-07

Market

1.Which of the following most closely approximates our definition of oligopoly?
(A) The cigarette industry
(B) The barber shops
(C) The gasoline stations
(D) Wheat Farmers

2.One of the essential conditions of perfect competition is-
(A) Product differentiation
(B) Mutiplicity of prices for identical products at any one time
(C) Many seller and a few buyers
(D) Only one price for identical goods at any one time

3.In equilibrium a perfectly competitive firm will equate-
(A) Marginal social cost with marginal social benefit
(B) Market supply with market demand
(C) Marginal profit with maginal cost
(D) Marginal revenue with marginal cost

4.Seller market denotes a situation where-
(A) Commodities are available at competitive rates
(B) Demand exceeds supply
(C) Supply exceeds demand
(D) Supply and demand are evenly balanced

5.One of the essential conditions of Monopolistic competition is-
(A) Many buyers but one seller
(B) Price discrimination
(C) Product differentiation
(D) Homogeneous product

6.The concept that under a system of free enterprise, it is consumers who decide what goods and servics shall be produced and in what quantities is known as-
(A) Consumer Protection
(B) Consumer's Decision
(C) Consumer Preference
(D) Consumer' Sovereignty

7.Under which market condition do firm have excess capacity?
(A) Perfect competition
(B) Monopolistic competition
(C) Duopoly
(D) Oligopoly

8.The size of the market for a product refers to-
(A) The number of people in the given area
(B) The geographical area served by the producers
(C) The volume of potential sales of the product
(D) The number of potential buyers of the market

9.Product differentiation is the most important feature of
(A) Pure competition
(B) Monopolistic competition
(C) Monopoly
(D) Oligopoly

10.Different firms constituting the industry, produce homogeneous goods under-
(A) Monopoly
(B) Monopolistic competition
(C) Oligopoly
(D) Perfect competition

11.Same price prevails throughout the market under-
(A) Perfect competition
(B) Monopoly
(C) Monopolistic competition
(D) Oligopoly

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12.A situation of large number of firms producing similar goods is termed as-
(A) Perfect competition
(B) Monopolistic competition
(C) Pure competition
(D) Oligopoly

13.Under perfect Competition-
(A) Marginal Revenue is less than the Average Revenue
(B) Average Revenue is less than the Marginal Revenue
(C) Average Revenue is equal to the Marignal Revenue
(D) Average Revenue is more than the Marginal Revenue

14. Perfect competition means-
(A) Large number of buyers and less sellers
(B) Large number of buyers and sellers
(C) Large number of sellers and less buyers
(D) None of these

15.Monopoly means-
(A) Single buyer
(B) Many sellers
(C) Single seller
(D) Many buyers

16.Consumer's sovereignty means-
(A) Consumers are free to spend their income as they like
(B) Consumers have the power to manage the economy
(C) Consumer's expenditures influences the allocation of resources
(D) Consumer goods are free from government control

17.Demand curve of a firm under perfect competition is-
(A) Horizontal On-axis
(B) Negatively sloped
(C) Positively sloped
(D) U- shaped

18. The theory of monopolistic competition has been formulated in the United States of America by-
(A) Joan Robinson
(B) Edward Chamberlin
(C) John Bates Clark
(D)Joseph Schumpeter

19.Under perfect competition the industry does not have any excess capacity because each firm produces at the minimum point on its-
(A) Long-run marginal cost curve
(B) Long-run average cost curve
(C) Long-run average variable cost curve
(D) Long-run average revenue curve

20.In a perfectly competitive market, a firm's-
(A) Average Revenue is always equal to Marginal Revenue
(B) Marginal Revenue is more than Average Revenue
(C) Average Revenue is more than Marginal Revenue
(D) Marginal Revenue and Average Revenue are never equal

21. A market in which there are a few number of large firms is called as-
(A) Duopoly
(B) Competition
(C) Oligopoly
(D) Monopoly

22.Number of sellers in the monopoly market structure is-
(A) One
(B) Few
(C) Large
(D) Two

23.Diamonds are priced higher than water because-
(A) They are sold by selected firms with monopolistic powers

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(B) Their marginal utility to buyers is greater than that of water
(C) Their total utility to buyers is higher than that of water
(D) Consumers do not buy them at lower prices

24.Price and output are determinates in market structure other than-
(A) Monopoly
(B) Perfect competition
(C) Oligopoly
(D) Monopsony

25.In a free enterprise economy, resource allocation is determined by-
(A) The pattern of consumer's spending
(B) the wealth of the entrepreneurs
(C) decision of the Government
(D) the traditional empolyment of factors

26.Buyers and Sellers will have perfect Knowlege of market conditions under-
(A) Duopoly
(B) Perfect Competition
(C) Monopolistic competition
(D) Oligopoly

27.One of the features of a free market economy is-
(A) Active state intervention
(B) Public ownership of factors of production
(C) Rationing and price control
(D) Consumer's sovereignty

28.Money market is a market for_____.
(A) Short term fund
(B) Long term fund
(C) Negotiable instruments
(D) Sale of shares

29.In which of the following market forms, a firm does not exercise control over price?
(A) Monopoly
(B) Perfect competition
(C) Oligopoly
(D) Monopolistic competition

30.Bilateral monopoly situation is-
(A) When there are only two sellers of a product
(B) When there are only two buyers of a product
(C) When there is only one buyer and one seller of a product
(D) When there are two buyers and two sellers of a product

31.Which among the following is a characteristic of Laissezfaire system?
(A) No government intervention
(B) Market forces are highly regulated
(C) It is a socialist system
(D) Maximum government intervention

32.Which of the following is not an assumption of perfect competition?
(A) There are many buyers and single sellers
(B) Average total costs continually decrease.
(C) The good sold by all sellers in the market is assumed to be homogeneous.
(D) Buyers and sellers in the market are assumed to have perfect information

33.In perfect competition a firm maximizes profit by _____.
(A) Setting price such that price is equal to or greater than its marginal costs
(B) Setting output such that price equals average total costs
(C) Setting output such that price equals marginal costs
(D) Setting price so that it is greater than marginal cost

34.Match the characteristics with their market structure-
(i) Differentiated products, but close substitutes for consumers so their demand curves are elastic

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(ii) Homogeneous product, all goods are perfect substitutes for consumers
(A) (i) Monopolistic Competition, (ii) Pure Competition
(B) (i) Monopolistic Competition, (ii) Pure Monopoly
(C) (i) Pure Competition, (ii) Monopolistic Competition
(D) (i) Pure Monopoly, (ii) Pure Competition

35.Match the characteristics with their market structure-
(i) Difficult entry (often due to economies of scale)
(ii) Can sell as much as it can at market price
(A) (i) Monopolistic Competition, (ii) Pure Monopoly
(B) (i) Pure Monopoly, (ii) Oligopoly
(C) (i) Oligopoly, (ii) Pure Competition
(D) (i) Pure Competition, (ii) Oligopoly

36.Match the characteristics with their market structure-
(i) MC = Price
(i) Firm will tend to set output so that it earns maximum profits.
(A) (i) Pure Competition, (ii) Pure Monopoly
(B) (i) Pure Monopoly, (ii) Monopolistic Competition
(C) (i) Oligopoly, (ii) Monopolistic Competition
(D) (i) Pure Competition, (ii) Oligopoly

37.In perfect competition _____.
(A) Products can be similar or different
(B) Producer can control price by controlling production
(C) Demand curve is perfectly elastic
(D) All firms make economic profit in the long run

38.Match the characteristics with their market structure:
(i) demand will tend to be inelastic
(ii) Firm has control over quantity of output but it must take into account reactions of competitors
(A) (i)Pure Monopoly, (ii) Oligopoly
(B) (i)Pure Monopoly, (ii) Monopolistic Competition
(C) (i)Pure Competition, (ii) Oligopoly
(D) (i)Monopolistic Competition, (ii) Pure Competition

39.Match the characteristics with their market structure:
(i) MR = MP
(ii) Elasticity of demand depends on pricing policies of rivals
(A) (i) Pure Monopoly, (ii) Monopolistic competition
(B) (i) Pure competition, (ii) Oligopoly
(C) (i) Pure competition, (ii) Pure Monopoly
(D) (i) Pure Monopoly, (ii) Oligopoly

40.Match the characteristics with their market structure:
(i) Price > MC in both short and long run
(ii) Faces highly elastic demand
(A) (i) Monopolistic competition, (ii) Pure competition
(B) (i) Pure Monopoly, (ii) Monopolistic competition
(C) (i) Pure competition, (ii) Monopolistic competition
(D) (i) Oligopoly, (ii) Pure competition

41.Match the characteristics with their market structure:
(i) A single, homogeneous product with no close substitutes
(ii) Few sellers with interdependent pricing and quantity decision
(A) (i) Pure Competition, (ii) Monopolistic Competition
(B) (i) Pure Monopoly, (ii) Monoplolistic Competition
(C) (i) Oligopoly, (ii) Pure Competition
(D) (i) Pure Monopoly, (ii) Oligopoly

42.Match the characteristics with their market structure:
1. Firm has control over quantity of output but it must take into account reactions of competitors.
2. Firm will tend to set output so that it earns maximum profits.
(A) 1. Oligopoly, 2. Pure competition
(B) 1. Monopolistic competition, 2. Oligopoly
(C) 1. Pure Monopoly, 2. Pure competition
(D) 1. Oligopoly, 2. Pure Monopoly

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43.Match the characteristics with their market structure:
(i) Expand output until MC = MR
(ii) Elaasticity of demand depends on pricing policies of rivals
(A) (i) Pure competition, (ii) Pure Monopoly
(B) (i) Pure Monopoly, (ii) Monopolistic competition
(C) (i) Pure competition, (ii) Oligopoly
(D) (i) Monopolistic competition, (ii) Oligopoly

44.Which is the best for any firm?
(A) Increase in profit
(B) Decrease in selling
(C) Market monopoly
(D) Decrease in production

45.Bilateral Monopoly refers to the market situation of–
(A) Two sellers, Two buyers
(B) One seller, Two buyers
(C) Two sellers, One buyer
(D) One seller, One buyer.

46.The Extreme forms of market are-
(A) Perfect Competition, Monopolistic Competition
(B) Perfect Competition, Oligopoly
(C) Oligopoly, Monopoly
(D) Perfect Competition, Monopoly.

47.The New firms are not allowed in market with.
(A) Perfect competition
(B) Oligopoly
(C) Monopolic competition
(D) Monopoly.

48.Perfect Market situation will be situated when-
(A) When firms are independent
(B) When large number of buyers & sellers are present
(C) When large number of sellers & less number of payers are there
(D) When less number of buyer are there.

49.Under Perfect Competition who is Price Taker.
(A) Buyer
(B) Business
(C) Government
(D) Firm.

50.The Theory of "Monopolistic Competition" was given by–
(A) John Robinson
(B) Edward Chamberlin
(C) John Bates Clarke
(D) Joseph Schumpeter

51.Which market firms allow free entry and exit of firms?
(A) Perfect and Monopolistic
(B) Perfect and Oligopoly
(C) Oligopoly and Monopoly
(D) Monopoly and Monopolistic

52.Kinked demand curve is a feature of–
(A) Monopoly
(B) Oligopoly
(C) Monopsony
(D) Duopoly

53.In which market structure is the demand curve of the market is represented by the demand curve of the firm?
(A) Monopoly
(B) Oligopoly
(C) Duopoly
(D) Perfect Competition

54.The most distinguishing feature of oligopoly is–
(A) Number of firms
(B) Interdependence
(C) Negligible influence on price
(D) Price leadership

55. The degree of monopoly power is to be measured in terms of the firm's–

(A) Normal profit
(B) Supernormal profit
(C) Both normal and supernormal profit
(D) Selling price

56.Under which market condition do firms have excess capacity?
(A) Perfect competition
(B) Monopolistic competition
(C) Duopoly
(D) Oligopoly

57.The situation in which total revenues equals total cost is known as–
(A) Monopolistic competition
(B) Equilibrium level of output
(C) Break even point
(D) Perfect competition

58.Match the following

Form of Market	Number of sellers and Buyers
1. Oligopoly	a.A few big sellers and a large number of buyers
2. Monopoly	b.One seller but large number of buyers
3. Perfect Competition	c.Large number of sellers and buyers

(A) 1-b, 2-c, 3-a
(B) 1-c, 2-a, 3-b
(C) 1-a, 2-b, 3-c
(D) 1-b, 2-a, 3-c

59.The market structure called monopoly exists where there is exactly ______ seller in any market.
(A) One
(B) Two
(C) Five
(D) Ten

60.In which market form, a market or an industry is dominated by a single seller?
(A) Oligopoly
(B) Monopoly
(C) Duopoly
(D) Monopolistic Competition

61.When there is only one buyer and one seller of product, it is called _____ situation.
(A) Public monopoly
(B) Bilateral monopoly
(C) Franchised monopoly
(D) Monopsony

62.In which market form, a market or industry is dominated by a few firms?
(A) Perfect Competition
(B) Monopoly
(C) Oligopoly
(D) Monopolistic

63.In which of the following market forms, a firm does not exercise control over price?
(A) Mixed Competition
(B) Monopoly
(C) Oligopoly
(D) Perfect Competition

64.A ___________ deficit is financed by net capital flows from the rest of the world, thus by a capital account surplus.
(A) Current Account
(B) Savings Account
(C) Capital Account
(D) Asset Account

65. A commodity market has a _________ structure, if there is one seller of the commodity, the commodity has no substitute, and entry into the industry by another firm is prevented.
(A) Perfect Competition
(B) Monopoly
(C) Oligopoly
(D) Monopolistic Competition

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66. If the __________firm has zero costs or only has fixed cost, the quantity supplied in equilibrium is given by the point where the marginal revenue is zero.
(A) Perfect Competition
(B) Monopoly
(C) Oligopoly
(D) Monopolistic Competition

67.Which of the following is a basic characteristic of 'Oligopoly'?
(A) Many sellers, many buyers
(B) Few sellers, few buyers
(C) Few sellers, many buyers
(D) Many sellers, few buyers

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