

Monopoly - R & U - Very Short - Info & Con

Q.1. What is meant by monopoly?

Ans. Monopoly is a market form with a single seller and many buyers of a commodity; with no close substitutes.

Q.2. Define a price maker firm.

Ans. A price maker firm refers to a monopoly firm which has complete control over price of the product in the market.

Q.3. When is a firm called 'price maker'?

Ans. A firm is called a 'price maker' when it can fix own price for its product.

Q.4. What is price discrimination?

Ans. Selling the same good at different prices to different buyers is known as price discrimination.

Q.5. What is patent right?

Ans. Patent right is the official recognition of the originators/innovators of a new product or technology. No one else can use their product or technology without obtaining a license.

Q.6. What is cartel?

Ans. Cartel refers to collective decision making by a group of firms with a view to avoiding competition and securing monopoly control of the market.

Q.7. What is the nature of demand curve under monopoly?

Ans. Monopoly demand curve is downward sloping, showing that more can be sold only at a lower price.

Q.8. What is the shape of average revenue curve in monopoly?

Ans. Average revenue (AR) curve under monopoly is downward sloping.

Q.9. What is the shape of marginal revenue curve in monopoly?

Ans. In monopoly, marginal revenue (MR) curve slopes downward and is below the AR curve.

Q.10. What is the relationship between AR curve and demand curve in a monopoly market?

Ans. AR curve is the demand curve in a monopoly market.

Q.11. What is the basic profit maximising condition for a monopoly firm?

Ans. The basic profit maximising condition for a monopoly firm is that: $MR = MC$.

Q.12. What is the relationship between price and marginal cost in case of monopoly equilibrium?

Ans. In case of monopoly equilibrium, price (AR) exceeds marginal cost (MC).

Q.13. How do the monopoly equilibrium output and price compare with the equilibrium price and output under perfect competition?

Ans. Monopoly equilibrium output is less as compared to competitive output while monopoly price is higher in comparison to competitive price.

Q.14. Under which market form a firm is a price maker?

Ans. Under monopoly, a firm is a price maker.

Q.15. How many firms are there in the monopoly market?

Ans. There is only one firm in the monopoly market.

Q.16. Price discrimination is a characteristic feature of which market form?

Ans. Price discrimination is a characteristic feature of monopoly form of the market.

Q.17. Give two examples of the power of a monopolist to practice price discrimination.

Ans. Two examples of the power of a monopolist to practice price discrimination are as these:

(i) The only surgeon in an area may charge lower fee from the poor patients compared to the rich ones.

(ii) For the same travel facilities, Indian Railways are charging lower fare from the senior citizens than the others.