C O R - R & U - Very Short - Info & Con

Q.1. What is meant by revenue?

Ans. Revenue refers to the money receipts of a firm from the sale of its output.

Q.2. Define total revenue.

Ans. Total revenue is the sum total of revenue derived from the sale of all units of the commodity.

$TR = \sum MR$

Q.3. What is meant by average revenue?

Ans. Average revenue is the revenue per unit of output sold.

$$AR = \frac{TR}{Q}$$

Q.4. What is meant by marginal revenue?

Ans. Marginal revenue is the addition to total revenue on account of sale of one more unit of output.

Q.5. Which concept of revenue is called price?

Ans. Average revenue is called price.

Q.6. What is the shape of TR curve under perfect competition?

Ans. Under perfect competition, TR curve is an upward sloping straight line starting from the origin.

Q.7. What is the shape of AR and MR curve under perfect competition?

Ans. Under perfect competition, AR and MR curve is same and parallel to X-axis.

Q.8. What are the shapes of AR and MR curves under monopoly and monopolistic competition?

Ans. AR and MR curves under monopoly and monopolistic competition slope downward from left to right.

Q.9. What is the behaviour of average revenue in a market in which a firm can sell any quantity of the output at a given price?

Ans. Average revenue is constant at all levels of output in a market in which a firm can sell any quantity of the output at a given price.

Q.10. What is the behaviour of marginal revenue in a market in which a firm can sell any quantity of a good at a given price?

Ans. Marginal revenue is constant at all levels of output in such a market in which a firm can sell any quantity of a good at a given price.

Q.11. What is the behaviour of average revenue in a market in which a firm can sell more only by lowering the price?

Ans. Average revenue continuously decreases in such a market in which a firm can sell more only by lowering the price.

Q.12. How does the TR change with output when MR is positive?

Ans. When MR is positive, TR tends to increase.

Q.13. How does the TR change with output when MR is negative?

Ans. When MR is negative, TR tends to decrease.

Q.14. How does the TR change with output when MR is zero?

Ans. When MR is zero, TR is maximum.

Q.15. What is the relationship between AR curve and the demand curve in a monopoly market?

Ans. In a monopoly market, the AR curve is the demand curve.

Q.16. When AR is constant, what is the state of MR?

Ans. When AR is constant, MR is also constant and both are to be equal.

Q.17. What is the shape of TR curve in monopoly?

Ans. The TR curve is an upward sloping curve starting from the origin. But it increases at a diminishing rate because MR tends to decline under monopoly.

Q.18. What is the shape of the MR curve in case the TR curve is a positively sloped straight line passing through the origin?

Ans. When TR curve is a positively sloped straight line passing through the origin, MR curve will be a horizontal straight line parallel to X-axis.

Q.19. What change should take place in total revenue when

Q. marginal revenue is positive and constant, and

Ans. When MR is positive and constant, TR should increase at a constant rate.

Q.20 marginal revenue is falling?

Ans. When MR is falling, TR should increase at a decreasing rate.