

## Market Equilibrium

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Question 1.

Which is a characteristic of the market ?

- (a) One Area
- (b) Presence of both Buyers and Sellers
- (c) Single Price of the Commodity
- (d) All the above

▼ [Answer](#)

Answer: (d) All the above

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Question 2.

Which is a basic for the classification of the market ?

- (a) Perfect Competition
- (b) Zero Competition (Monopoly)
- (c) Imperfect Competition
- (d) All the above

▼ [Answer](#)

Answer: (d) All the above

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Question 3.

Which of the following is a feature of perfect competition ?

- (a) Large Number of Buyers and Sellers
- (b) Homogeneous Units of the Product
- (c) Perfect Knowledge of the Market
- (d) All the above

▼ [Answer](#)

Answer: (d) All the above

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Question 4.

In which market product differentiation is found ?

- (a) Pure Competition
- (b) Perfect Competition
- (c) Monopoly
- (d) Monopolistic Competition

▼ [Answer](#)

Answer: (c) Monopoly

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Question 5.

Which of the following is true in perfect competition ?

- (a) Firm is price-taker, not price-maker
- (b) Firm's demand curve is perfectly elastic
- (c)  $AR = MR$
- (d) All the above

▼ [Answer](#)

Answer: (d) All the above

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Question 6.

Which one is a feature of monopoly ?

- (a) Single Seller and Many Buyers
- (b) Lack of Close Substitutes
- (c) Restrictions of New Firm entry
- (d) All of these

▼ [Answer](#)

Answer: (d) All of these

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Question 7.

Which one of the following is true for monopoly ?

- (a) Firm is price-maker
- (b) Demand curve slopes downward
- (c) Price discrimination possibility arises
- (d) All the above

▼ [Answer](#)

Answer: (d) All the above

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Question 8.

Which one is a feature of monopolistic competition ?

- (a) Differentiated Product
- (b) Selling Cost
- (c) Imperfect Knowledge of the Market
- (d) All the above

▼ [Answer](#)

Answer: (d) All the above

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Question 9.

A market in which there is free entry and exit, the market is:

- (a) Monopolistic Competitive Market
- (b) Imperfect Competitive Market
- (c) Perfectly Competitive Market
- (d) None of these

▼ [Answer](#)

Answer: (c) Perfectly Competitive Market

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Question 10.

What does a monopolist market show ?

- (a) Production process
- (b) Distribution system
- (c) Nature of market
- (d) None of these

▼ [Answer](#)

Answer: (c) Nature of market

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Question 11.

Price discrimination is found in which market ?

- (a) Pure Competition
- (b) Perfect Competition
- (c) Monopoly
- (d) Monopolistic Competition

▼ [Answer](#)

Answer: (c) Monopoly

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Question 12.

Which of the following is the feature of pure competition ?

- (a) Perfect knowledge of the market
- (b) Perfect mobility of factors
- (c) Homogeneity by products
- (d) All the above

▼ [Answer](#)

Answer: (d) All the above

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Question 13.

Market situation where there is only one buyer is:

- (a) Monopoly
- (b) Monopsony
- (c) Duopoly
- (d) None of these

▼ [Answer](#)

Answer: (b) Monopsony

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Question 14.

The concept of monopolistic competition is given by:

- (a) Hicks
- (b) Chamberlin

- (c) Mrs. Robinson
- (d) Samuelson

▼ [Answer](#)

Answer: (b) Chamberlin

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Question 15.

Which of the following is not a feature of perfect competition ?

- (a) Large number of buyers and sellers
- (b) Homogeneity of product
- (c) Advertisement and selling cost
- (d) Perfect knowledge of the market

▼ [Answer](#)

Answer: (c) Advertisement and selling cost

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Question 16.

In which market is AR equal to MR ?

- (a) Perfect competition
- (b) Oligopoly
- (c) Imperfect competition
- (d) Monopoly

▼ [Answer](#)

Answer: (a) Perfect competition

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Question 17.

Which factor determines Equilibrium Price ?

- (a) Demand for Commodity
- (b) Supply of Commodity
- (c) Both (a) and (b)
- (d) None of the above

▼ [Answer](#)

Answer: (c) Both (a) and (b)

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Question 18.

"Price is determined by Demand and Supply. Whose statement is this ?

- (a) Jevons
- (b) Walras
- (c) Marshall
- (d) None of these

▼ [Answer](#)

Answer: (c) Marshall

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Question 19.

Price of a commodity is determined at a point where :

- (a) Demand exceeds
- (b) Supply exceeds
- (c) Demand equals supply
- (d) None of these

▼ [Answer](#)

Answer: (c) Demand equals supply

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Question 20.

What is true for perfect competition market ?

- (a) Price is determined by both Demand and Supply Forces
- (b) Price is determined by the industry
- (c) Each firm of the industry is Price-taker
- (d) All the above

▼ [Answer](#)

Answer: (d) All the above

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Question 21.

Who gave the concept of 'Time Element' in price determination process ?

- (a) Ricardo
- (b) Walras
- (c) Marshall
- (d) J. K. Mehta

▼ [Answer](#)

Answer: (c) Marshall

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Question 22.

How many categories of production duration have been made by Marshall on the basis of supply ?

- (a) Two
- (b) Three
- (c) Four
- (d) Seven

▼ [Answer](#)

Answer: (b) Three

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Question 23.

Which is a reason of change in demand ?

- (a) Change in Consumer's Income
- (b) Change in Prices of Related Goods

- (c) Population increase
- (d) All the above

▼ [Answer](#)

Answer: (d) All the above

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Question 24.

Which statement is correct ?

- (a) In very short period, supply is perfectly inelastic, price is affected by both demand conditions.
- (b) Supply curve elasticity depends on time period
- (c) Both (a) and (b)
- (d) None of the above

▼ [Answer](#)

Answer: (c) Both (a) and (b)

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Question 25.

Market Price is found in:

- (a) Short Period Market
- (b) Long Period Market
- (c) Very Long Period Market
- (d) None of these

▼ [Answer](#)

Answer: (a) Short Period Market

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Question 26.

The price of a good is determined by:

- (a) Demand
- (b) Supply
- (c) Both demand and supply
- (d) Government

▼ [Answer](#)

Answer: (c) Both demand and supply

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Question 27.

Market price is associated with:

- (a) Price of very short period
- (b) Normal price
- (c) Permanent price
- (d) All of these

▼ [Answer](#)

Answer: (a) Price of very short period

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Question 28.

The price of a goods in perfect competition is determined by:

- (a) Bargaining
- (b) Production cost
- (c) Marginal utility
- (d) Demand and supply

▼ [Answer](#)

Answer: (d) Demand and supply

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Question 29.

In perfect competition, a firm:

- (a) Determines price
- (b) Obtains price
- (c) Both (a) and (b)
- (d) None of these

▼ [Answer](#)

Answer: (b) Obtains price

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Question 30.

In very short period, supply will be:

- (a) Perfectly elastic
- (b) Perfectly Inelastic
- (c) Elastic
- (d) None of these

▼ [Answer](#)

Answer: (b) Perfectly Inelastic

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Question 31.

Which is not a condition for equilibrium of a monopoly form ?

- (a) Average Revenue = Marginal Cost
- (b) Marginal Revenue = Marginal Cost
- (c) Marginal Cost should cut the Marginal Revenue Curve from below
- (d) Both (b) and (c)

▼ [Answer](#)

Answer: (a) Average Revenue = Marginal Cost

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Question 32.

In perfect competition, these is..... profit

- (a) Normal
- (b) Maximum

- (c) Zero
- (d) None of these

▼ [Answer](#)

Answer: (a) Normal

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Question 33.

A Seller Cannot influence the market price under:

- (a) Perfect Competition
- (b) Monopoly
- (c) Monopolistic Competition
- (d) All of these

▼ [Answer](#)

Answer: (a) Perfect Competition

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Question 34.

Which determines the equilibrium price ?

- (a) Demand
- (b) Supply
- (c) Both (a) and (b)
- (d) None of the above

▼ [Answer](#)

Answer: (c) Both (a) and (b)

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Question 35.

Which is the component of factor price determination ?

- (a) Rent
- (b) Wages
- (c) Interest
- (d) All of these

▼ [Answer](#)

Answer: (d) All of these

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Question 36.

Price of a goods is determined at a point where :

- (a) Demand > Supply
- (b) Demand < Supply
- (c) Demand = Supply
- (d) None of these

▼ [Answer](#)

Answer: (c) Demand = Supply

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Question 37.

None of these Rent is = ?

- (a) Actual Income – Transfer Earnings
- (b) Actual Income + Transfer Earnings
- (c) Transfer Earnings
- (d) None of these

▼ [Answer](#)

Answer: (a) Actual Income – Transfer Earnings

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Question 38.

Which of the following is correct ?

- (a) Labour Demand comes from producer
- (b) Demand of labour depends on its productivity.
- (c) Marginal productivity of labour is its maximum wage
- (d) All the above

▼ [Answer](#)

Answer: (d) All the above

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Question 39.

Main feature of perfectly competitive market is:

- (a) Uniform price
- (b) Homogeneous product
- (c) Large number of buyers and sellers
- (d) All of the above.

▼ [Answer](#)

Answer: (d) All of the above.

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Question 40.

The market in which there is free entry and exit is:

- (a) Monopolistic competition market
- (b) Imperfect competition market
- (c) Perfect competitions market
- (d) None of these.

▼ [Answer](#)

Answer: (c) Perfect competitions market

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Question 41.

There is inverse relation between demand and price of goods in:

- (a) Only monopoly
- (b) Only monopolistic competition
- (c) Both (a) and (b)
- (d) Only perfect competition.

▼ [Answer](#)

Answer: (d) Only perfect competition.

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Question 42.

According to which economist "Price of a commodity is determined by the forces of demand and supply":

- (a) Jevons
- (b) Valros
- (c) Marshall
- (d) None of these.

▼ [Answer](#)

Answer: (c) Marshall

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Question 43.

Not a condition of equilibrium of monopoly firm:

- (a) Average revenue = Marginal revenue
- (b) Marginal revenue = Marginal cost
- (c) Marginal cost curve cuts marginal revenue curve from downwards.
- (d) Both (b) and (c).

▼ [Answer](#)

Answer: (a) Average revenue = Marginal revenue

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Question 44.

Market price is found in:

- (a) Short period market
- (b) Long period market
- (c) Very long period market
- (d) None of these.

▼ [Answer](#)

Answer: (a) Short period market

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Question 45.

Demand curve of a firm is perfectly elastic in:

- (a) Perfect competition
- (b) Monopoly
- (c) Monopolistic competition
- (d) Oligopoly.

▼ [Answer](#)

Answer: (a) Perfect competition

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Questions 46.

Administrative price is:

- (a) Price ceiling
- (b) Price floor
- (c) Both (a) and (b)
- (d) None of these.

▼ [Answer](#)

Answer: (c) Both (a) and (b)

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Questions 47.

Minimum support price of wheat is called:

- (a) Price ceiling
- (b) Price floor
- (c) Market price
- (d) Equilibrium price.

▼ [Answer](#)

Answer: (b) Price floor

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Questions 48.

Which of the following is the component of instrument pricing:

- (a) Rent
- (b) Wages
- (c) Interest
- (d) None of these.

▼ [Answer](#)

Answer: (c) Interest

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Questions 49.

Which factors help in the determination of equilibrium price:

- (a) Demand
- (b) Supply
- (c) Both (a) and (b)
- (d) None of the above.

▼ [Answer](#)

Answer: (d) None of the above

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Questions 50.

Which among the following statement is not true:

- (a) Demand of labor is done by the producer
- (b) Demand of labor depends on its productivity
- (c) Marginal productivity of a labor is his maximum wages
- (d) All of the above.

▼ [Answer](#)

Answer: (d) All of the above

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Questions 51.

Excess demand can be seen in:

- (a) Fixed market price
- (b) Lowest fixed price
- (c) Highest fixed price
- (d) None of these.

▼ [Answer](#)

Answer: (c) Highest fixed price

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Fill in the blanks:

1. The price on which demand and supply are equal, is called .....

▼ [Answer](#)

Answer: Normal

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2. Price discrimination is possible in ..... market.

▼ [Answer](#)

Answer: Monopolistic

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3. Increase in total revenue by the sale of additional unit of the commodity is called .....

▼ [Answer](#)

Answer: Marginal revenue

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4. If the supply of any good remains unchanged, and with the increase in demand its ..... increases.

▼ [Answer](#)

Answer: Increase

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5. In perfect competition market, a firm is a .....

▼ [Answer](#)

Answer: Price taker

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6. Price ceiling is done by the .....

▼ [Answer](#)

Answer: Government

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7. In the .....period demand force is more effective.

▼ [Answer](#)

Answer: Short period

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8. In .....market there should be two or more two firms.

▼ [Answer](#)

Answer: Oligopoly

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9. A group of firms is called .....

▼ [Answer](#)

Answer: Industry

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10. The market for petrol is .....

▼ [Answer](#)

Answer: International.

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11. Price range and price floor are also called ..... prices.

▼ [Answer](#)

Answer: Administrative

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12. The other name of minimum determined price is .....

▼ [Answer](#)

Answer: Price floor

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13. According to modern view point, rent increases because of land.

▼ [Answer](#)

Answer: Scarcity

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14. .... presented FAD principle.

▼ [Answer](#)

Answer: Prof. Amartya Sen

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15. .... Instrument demand is demand.

▼ [Answer](#)

Answer: Derivative.

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State true or false:

1. Market of bricks is provincial.

▼ [Answer](#)

Answer: False

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2. Normal price is imaginary.

▼ [Answer](#)

Answer: True

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3. Imperfect competition is a practical approach.

▼ [Answer](#)

Answer: True

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4. The forces of demand and supply remains in the state of equilibrium for a long period.

▼ [Answer](#)

Answer: False

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5. Among the forces of demand and supply, either of the two determines the price of the goods.

▼ [Answer](#)

Answer: False

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6. Under perfect competition firms themselves determine the price.

▼ [Answer](#)

Answer: False

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7. Under monopolistic competition demand curve is uncertain.

▼ [Answer](#)

Answer: True.

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8. Main objective of price range determination is to earn profit.

▼ [Answer](#)

Answer: False

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9. The price floor is also called lowest fixed price.

▼ [Answer](#)

Answer: True

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10. In independent market system, prices of goods and services are determined by the forces of demand and supply.

▼ [Answer](#)

Answer: True

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11. Price range and price floor differ from market oriented prices.

▼ [Answer](#)

Answer: True.

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[Match the following:](#)

1.

'A'	'B'
1. Gold	(a) National market
2. Clothes	(b) Local market
3. Normal profit	(c) International market
4. Equilibrium of firm	(d) $AR = MR$
5. Milk	(e) Zero profit.

▼ [Answer](#)

Answer:

'A'	'B'
1. Gold	(c) International market
2. Clothes	(a) National market
3. Normal profit	(e) Zero profit.
4. Equilibrium of firm	(d) $AR = MR$

5. Milk	(b) Local market
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2.

'A'	'B'
1. Price range	(a) Excess supply
2. Price floor	(b) Public Distribution System
3. Problem of price floor	(c) Minimum wage provision.

▼ [Answer](#)

Answer:

'A'	'B'
1. Price range	(b) Public Distribution System
2. Price floor	(c) Minimum wage provision.
3. Problem of price floor	(a) Excess supply

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