Q.1 A market structure with relatively easy entry and with many firms that sell differentiated products is said to be _________ market:

A. Oligopoly

B. Perfectly competitive

C. Monopolistically competitive

D. Monopoly

Q.2 A firm in monopolistic competition does not achieve minimum efficient scale because:

A. It produces at the minimum average cost.

B. It is operating on the downward-sloping part of the average cost curve.

C. It is not a monopoly.

D. It is in competition with other firms.

Q.3 Which of the following is the market structure in which firms are mutually dependent?

A. Oligopoly

B. Monopolistic competition

C. Perfect competition

D. Monopoly

Q.4 In monopoly, at various output levels, average revenue is:

A. Equal to marginal revenue

B. Greater than marginal revenue

C. Average revenue and marginal revenue curves are not parallel

D. Less than marginal revenue

Q.5 Marginal revenue of a monopolist is always:

A. Less than price

B. Greater than price

C. Equal to price

D. Increases with output

Q.6 All of the following are necessary conditions for the success of cartels EXCEPT:

A. Low price elasticity of demand

B. Possibility of Exerting Counter Pressure on the Part of Buyers

C. All important producers must join

D. Adherence to agreement

Q.7 A firm under perfect competition is considered as:

A. Sole producer
B. Price taker
C. Price breaker
D. Price maker

Q.8 The necessary condition for equilibrium position of a firm is:

A. MC=AC
B. MC>MR
C. MC>Price
D. MC=MR

Q.9 A cartel is an organization of oligopolistic firms which is formed through a formal written agreement to cooperate in setting:

A. Relative elasticities
B. Price only
C. Price and output
D. Quantity to produce

Q.10 The monopolistically competitive firms operate with ________ plant capacity.

A. Justified
B. None of the given options
C. Minimum
D. Excess
