

# दे देना देन

MCQ Series

BUSINESS ECONOMICS

*Exam oriented*

Chapter 4 MCQ's

*PYQ  
MTP*

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# Chapter 4 MCQ's

unit - 1

unit - 2

unit - 3



#Q. Which one of the following is not element of market?

(June 2023)

- A buyer
- B service
- C firm C
- D bargaining for price

4.3  
4.4

#Q. Which of the following is correct?

↓  
Unit-1

MR, AR, e

(CA CPT Nov. 2018)

- A**  $\underline{MR} = \underline{AR} (e-1)/e$  (A)
- B**  $MR = AR (e + 1)/e$
- C**  $MR = AR (1 - e)/e$
- D** None of the above

$$MR = AR \left( \frac{e-1}{e} \right)$$



#Q. When  $e = 1$  then MR is:

$MR = 0 \Rightarrow TR \rightarrow \text{max}^m$

(CA CPT May 2019)

**A** Positive

**B** Zero ✓ **B**

**C** One

**D** Negative

$$MR = AR \left( \frac{e-1}{e} \right)$$
$$= AR \left( \frac{1-1}{1} \right) = 0$$

#Q. When  $e < 1$  then MR is:

(CA CPT May 2019)

$$e = 0.9$$

- A Negative
- B Zero
- C Positive
- D One

$$MR = AR \left( \frac{0.9 - 1}{0.9} \right)$$

$$MR = AR \left( \frac{-0.1}{0.9} \right)$$

Negative



#Q. When  $e > 1$  then MR is:

(CA CPT May 2019)

$e = 2$

- A** Zero  $\Rightarrow e = 1$
- B** Negative  $\Rightarrow e < 1$
- C** Positive  $\Rightarrow \boxed{e > 1}$  **C**
- D** One

$$MR = AR \left( \frac{2-1}{2} \right)$$

$$MR = \overline{AR} \left( \frac{1}{2} \right)$$

#Q. Demand for a product is unitary elastic then:

(CA CPT May 2019)

$$e = 1$$

- A  $MR = 0$  ✓ **A**
- B  $MR > 0$
- C  $MR < 0$
- D None of the above



#Q. Given the relation  $MR = P \left(1 - \frac{1}{e}\right)$  if  $e > 1$ , then:

(CA CPT Feb. 2007)

**A**  $MR > 0$

$\oplus$   $\oplus$

**B**  $MR < 0$

**C**  $MR = 0$

**D** None

$$MR = AR \left( \frac{e-1}{e} \right)$$
$$= AR \left( 1 - \frac{1}{e} \right)$$

$$e = \frac{AR}{AR - MR}$$



#Q. Find the Marginal Revenue (MR) of markets A and B respectively. Where the AR in both the market is 21 and elasticities of demand in market A and B are 3 and 7 respectively.

(June 2024)

A 18, 14

B  $\overset{A}{14}, \overset{B}{18}$  (B)

C 16, 19

D 19, 16

$$AR = 21 \checkmark$$

$$\epsilon_A = 3 \checkmark$$

$$\epsilon_B = 7$$

$$MR = AR \left( \frac{e-1}{e} \right)$$

$$MR_A = 21 \left( \frac{3-1}{3} \right) = 21 \times \frac{2}{3} = \underline{14}$$

$$MR_B = 21 \left( \frac{7-1}{7} \right) = 21 \times \frac{6}{7} = \underline{18}$$

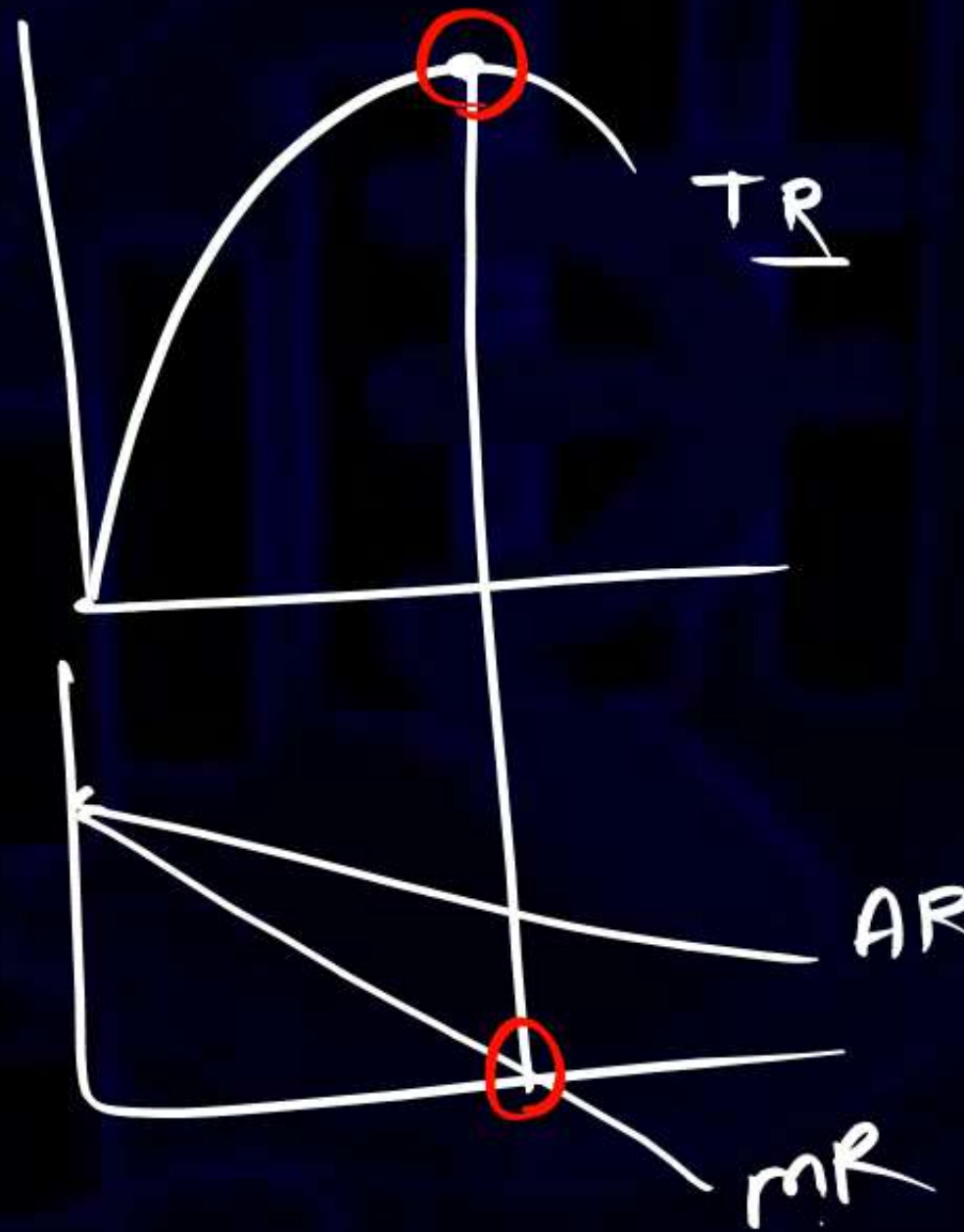


Maximum

#Q. When Total Revenue (TR) is at the peak Marginal Revenue is equal to:

(Nov. 2019)

- A Zero ✓ (A)
- B Positive
- C Negative
- D More than one





#Q. As a price of ₹ 20 the quantity demanded is 10 units. With 5% decrease in price the demand increases by 10%. The marginal revenue for the 11<sup>th</sup> unit will be:

(A) ₹ 20

(B) ₹ 12

(C) ₹ 9 ✓

(D) ₹ 11

$$P \quad Q \quad TR = P \times Q \quad MR = TR_n - TR_{n-1} \quad (\text{Nov. 2019})$$

P	Q	TR = P × Q
20	10	200
19	11	209

The handwritten calculation shows that the marginal revenue for the 11<sup>th</sup> unit is ₹ 9, derived from the difference in total revenue (209 - 200).



#Q. A market is a network of dealings between which of the following?

(June 2022)

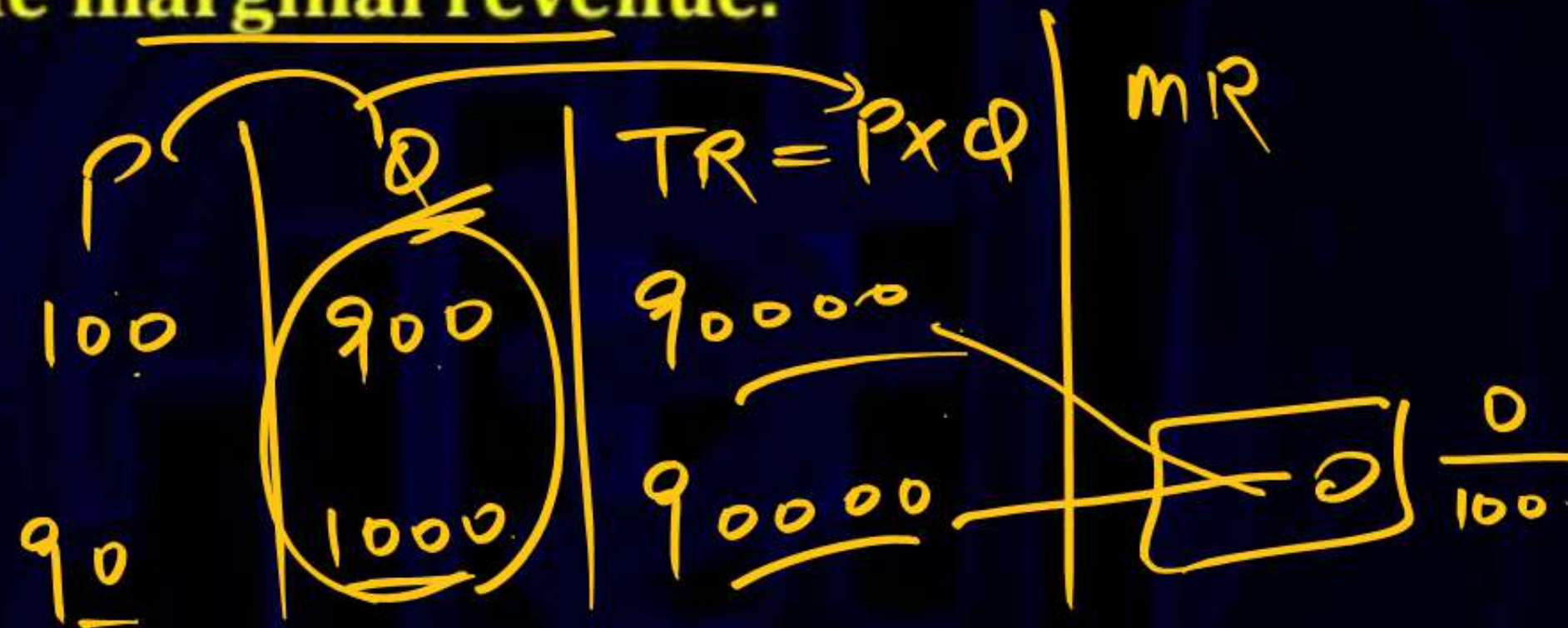
- A Dealers and wholesalers
- B Buyers and sellers **B**
- C Owners and channel partners
- D Sales man and competitors



#Q. Assume that at price ₹ 100 per unit, the quantity demanded is 900 units. When price falls to ₹ 90 the quantity demanded increases to 1000 units. Compute the marginal revenue.

(June 2022)

- (A) ₹ 0  
 (B) ₹ 10  
 (C) ₹ 90  
 (D) ₹ 100





#Q. A seller realizes ₹ 25,000 after selling 15 units and he realizes ₹ 35,000 after selling 25 units, what is the marginal revenue here?

(June 2021)

A ₹ 2,500

B ₹ 10,000

C ₹ 1,000 ✓

D ₹ 3,500

Q	TR	MR
15	25000	
25	35000	

$\Delta TR = 10000$   
 $\Delta Q = 10$   
 $MR = \frac{10000}{10} = 1000$

$$MR = \frac{\Delta TR}{\Delta Q} =$$



#Q. Under which of the following market condition both average and marginal revenue are same?

(June 2023)

A Perfect competition. A

B Monopoly  $AR > MR$

C Monopolistic competition  $AR > MR$

D Oligopoly

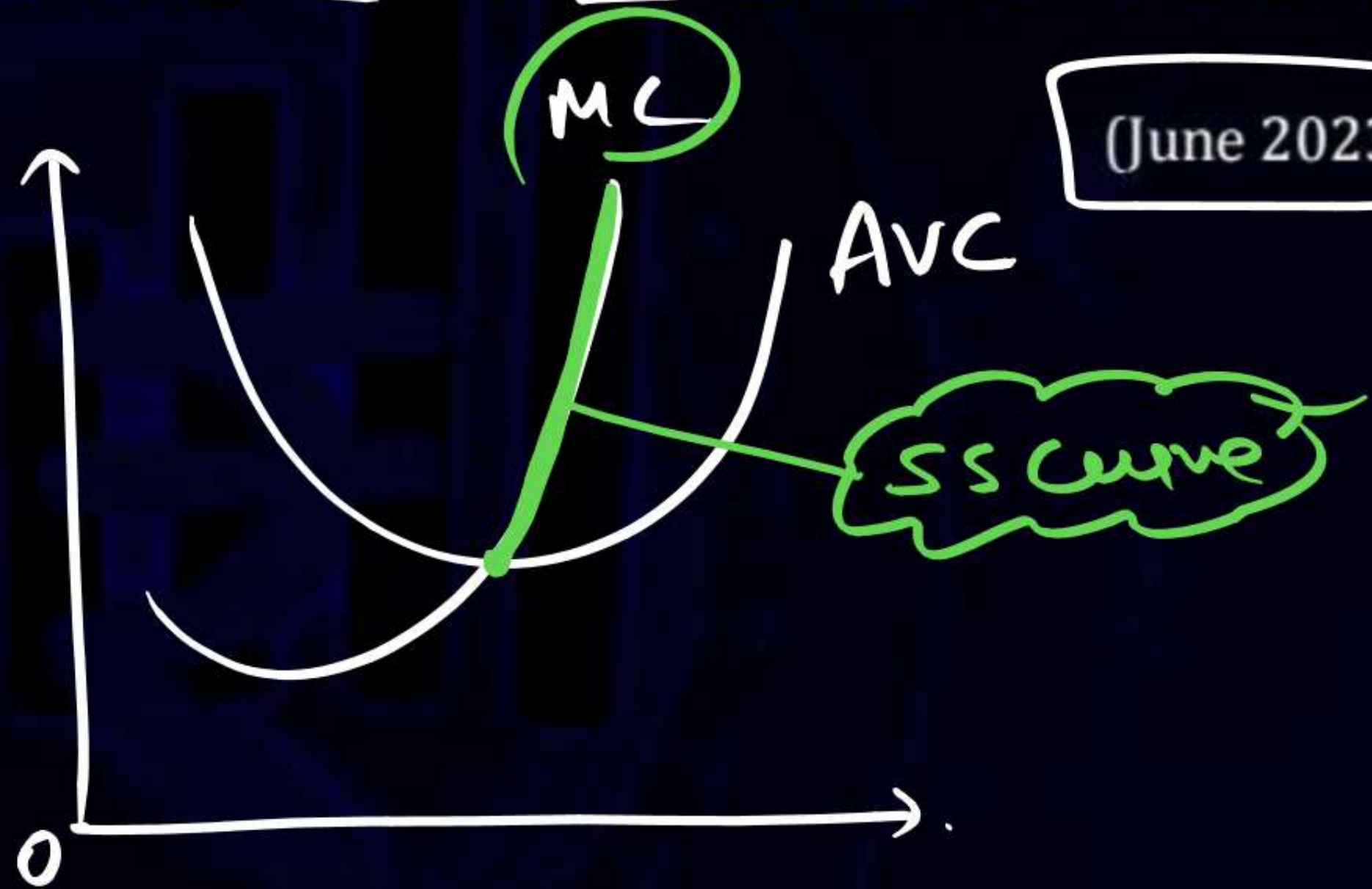
$AR = MR$  —  $P_c$



#Q. Which of the following is supply curve of competitive firm in short run?

(June 2023)

- A Average variable cost curve
- B Average total cost curve
- C Marginal cost curve
- D Average fixed cost curve



#Q. In very short period market:

(CA CPT May 2018)

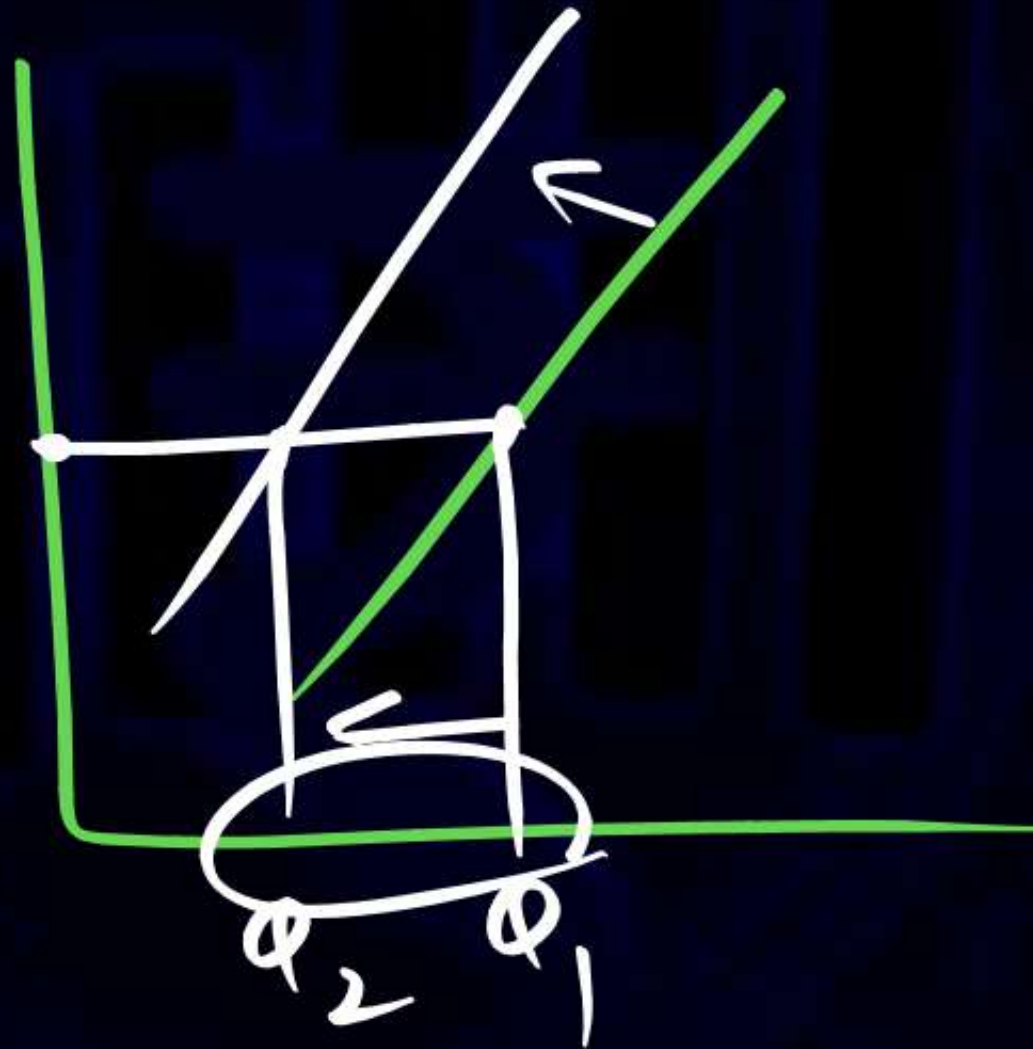
- A Supply changes but demand remains same
- B Supply changes but price remains same
- C Supply remains fixed
- D Supply and demand both changes



#Q. When factors other than price changed causes the supply curve to shift to the left, then it is

(June 2024)

- A** Expansion of supply
- B** Contraction of supply
- C** Increase in supply
- D** Decrease in supply



#Q. A competitive firm should shut down production if the price is :

- A** Below AVC  $P < AVC$  (A)
- B** Equal to AVC
- C** Below ATC
- D** Equal to ATC

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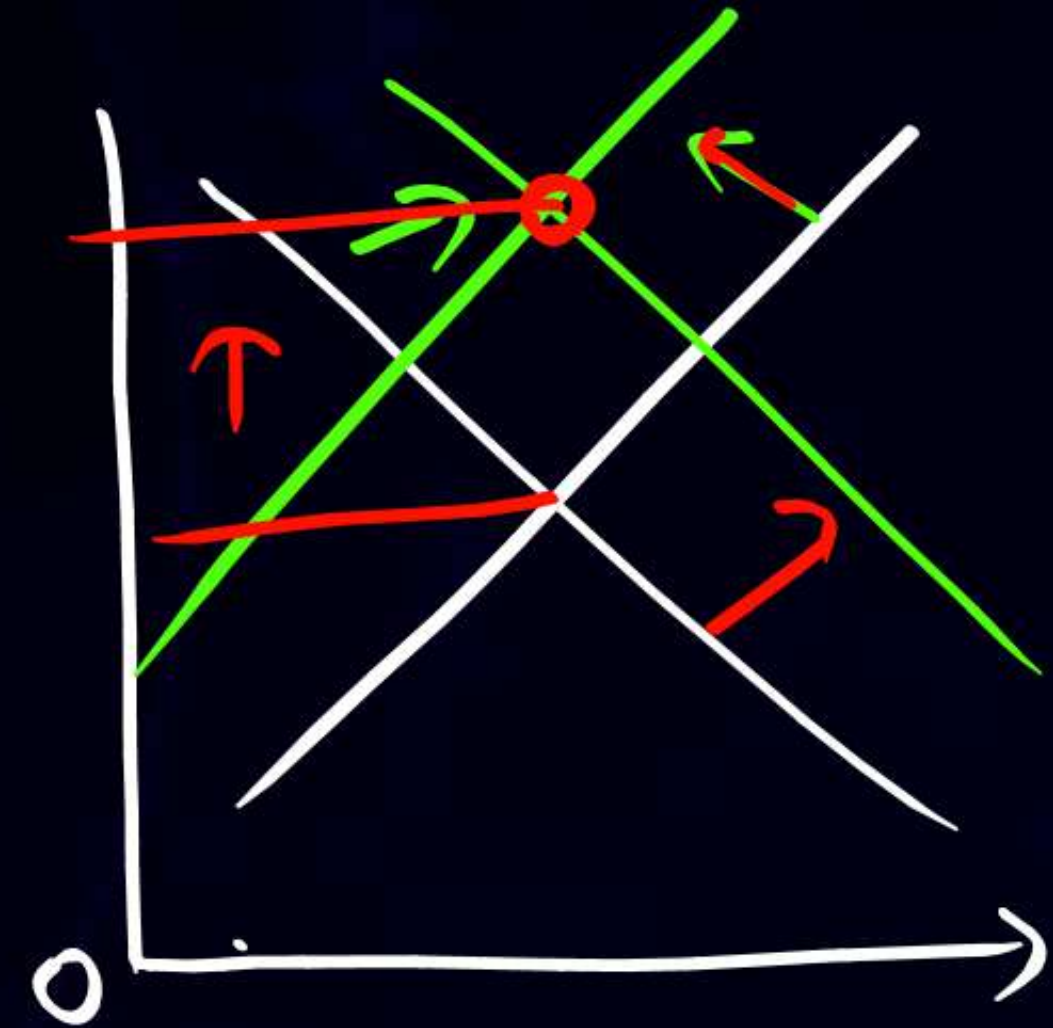


unit-2

(June 2024)

#Q. Increase in demand and decrease in supply causes

- A** Equilibrium Price uncertain, Equilibrium quantity rises <sup>x</sup>
- B** Equilibrium Price rises, Equilibrium quantity falls
- C** Equilibrium Price rises, Equilibrium quantity uncertain <sup>✓</sup> **C**
- D** Equilibrium Price falls, Equilibrium quantity uncertain <sup>x</sup>





# CA FOUNDATION DEC 2023

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DEFFERENT MARKETS**

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Unit-2



#Q. In which type of the following market product is homogeneous in nature?

(June 2023)

- A Pure oligopoly ✓
- B Pure monopoly
- C Pure duopoly
- D Pure competition ⓓ



#Q. Under monopoly market conditions MR is less than the AR.

(June 2022)

$$\underline{MR} < \underline{AR}$$

$$\underline{AR} > \underline{MR}$$

- A Less
- B Greater
- C Equal
- D Variable



**#Q. A Market Structure in which there is only a single buyer and a single seller is known as:**

(Dec. 2023)

- A** Bilateral monopoly ✓ **A**
- B** Duopoly
- C** Oligopsony
- D** Monopsony



#Q. A competitive firm in the short run incurs losses. The firm continues production, if:

$$P < AC$$

(CA CPT May 2018)

**A**  $P > AVC$

**B**  $P = AVC$

**C**  $P < AVC$

**D**  $P \geq AVC$

**D**

$P \geq AVC$  ✓

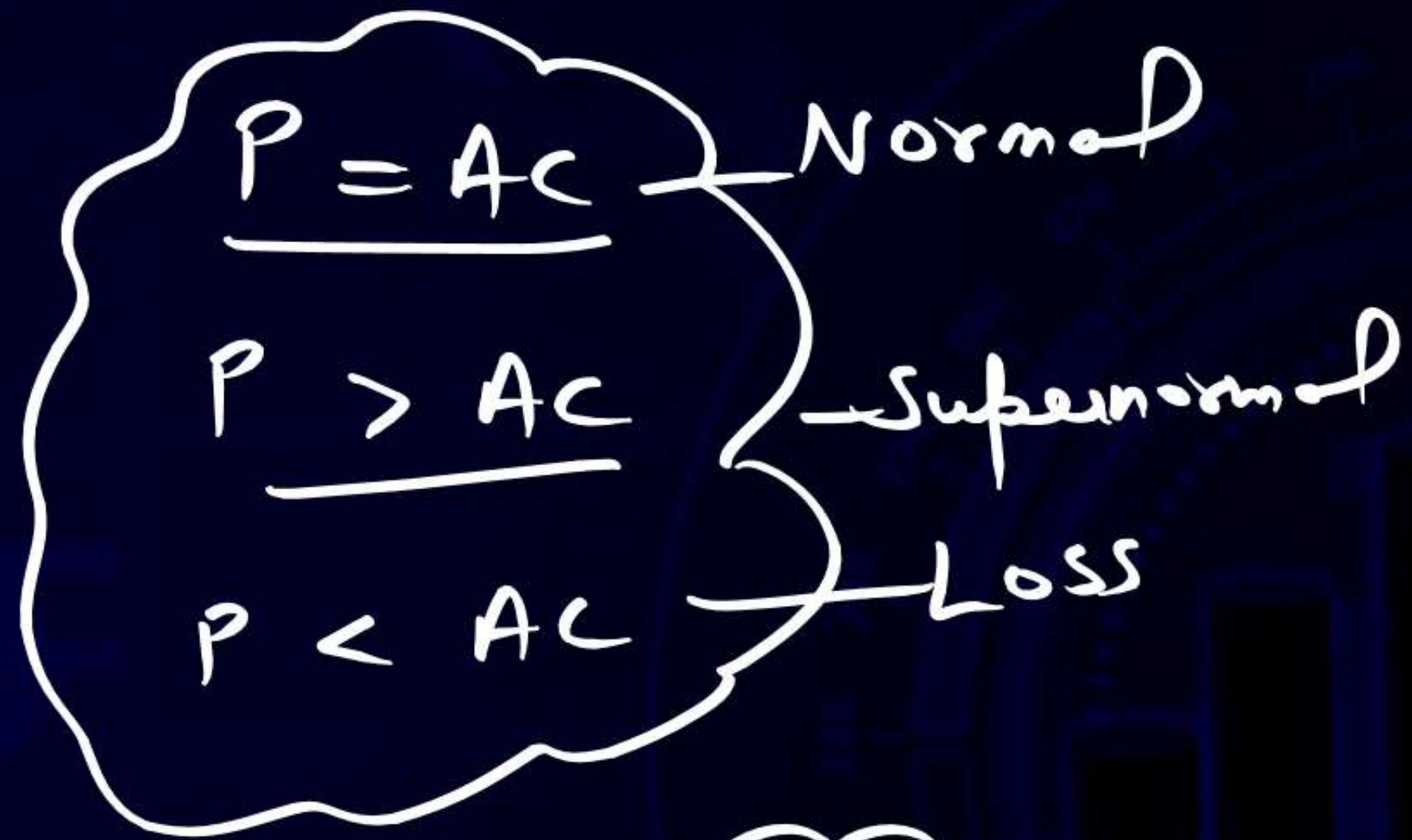
$P < AVC$  ✗

$$15 = 5 + \frac{10}{Q}$$

$$AC = AFC + AVC$$

$(13) = P$





$P = AVC$  → Shutdown Point

$P < AVC$  → Shutdown



#Q. Which of the following is an example of monopolistic competition?

(July 2021)

- A De Beers and Diamond
- B Hotels and pub (B)
- C Microsoft and Window
- D Dell and Lenovo



#Q. When few firms of the oligopolistic market come to a common understanding with each other in fixing price and output, it is called

(June 2024)

**A** Syndicate oligopoly ✓

**B** Collusive oligopoly ✓ **B**

**C** Perfect oligopoly

**D** Open oligopoly



#Q. Which feature of monopolistic of competition differ from perfect competition?

(June 2024)

- A Large number of sellers
- B Freedom of entry and exit
- C Product differentiation ✓ C
- D No super normal profits in long run



#Q. Relation between AR and MR in a monopoly is stated as

(June 2024)

AR (+)

- A** AR can be zero, MR can be zero or negative
- B** AR and MR both are upward sloping
- C** AR curve lies halfway between MR and Y axis
- D** Slope of MR is twice that of AR





#Q. In which form of market, patents and copyrights given by the government to protect the intellectual property rights?

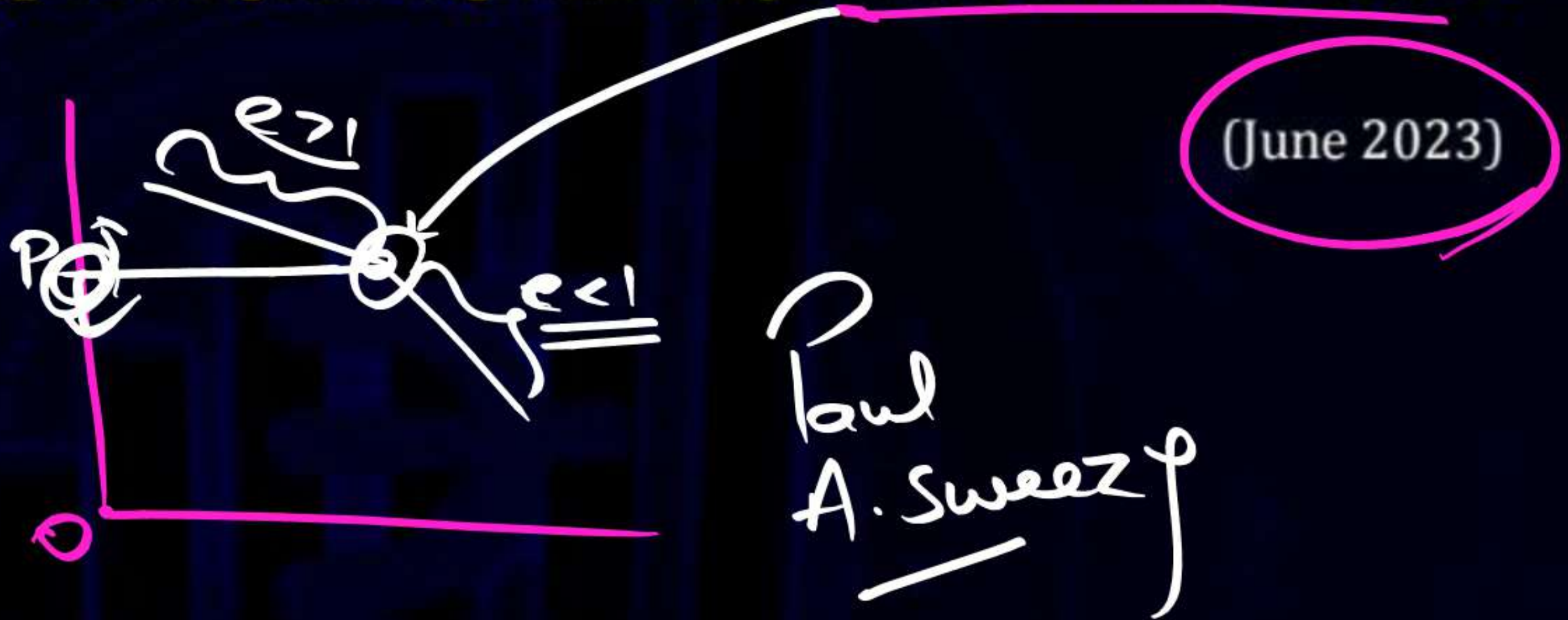
(June 2024)

- A Perfect competition
- B Monopoly
- C Monopolistic competition
- D Oligopoly



#Q. Which of the following concept is explained by Kinked demand curve hypothesis?

- A Price leadership
- B Price rigidity ✓ (B)
- C Group behaviour
- D Independent pricing





#Q. Which of the following is a sub set of Oligopoly?

Part

- A** Duopoly  $\rightarrow$  2 firm
- B** Monopoly ✓
- C** Single Oligopoly ✓
- D** None of these ✓



#Q. Price taker firms:

(MTP Oct 18, Oct 21)

- A** Advertise to increase the demand for their products
- B** Do not advertise because most advertising is harmful for the society
- C** Do not advertise because they can sell as much as they want at the current price
- D** Who advertise will get more profits than those who do not



#Q. Excess capacity is not found under \_\_\_\_\_  
(MTP Nov 22, MTP Oct 18 May 20)

- A** Doubles
- B** More than doubles
- C** Less than doubles
- D** Cannot be determined because the price of the good may rise or fall



## QUESTION



#Q. In the long run normal profits are included in the \_\_\_\_\_ curve.

(MTP Mar 18, MTP Mar 19)

- A** LAC
- B** LMC
- C** AFC
- D** SAC



#Q. In the short run level of output the firm at the optimum will be :  
(MTP Mar 22)

- A** Minimizing total losses
- B** Maximizing total profit
- C** Either maximum total profit or minimizing total losses
- D** None of these

#Q. When firm is in long run equilibrium in perfect competition, which of following is not true ?

(MTP Mar 21)

- A**  $AC = MR$
- B**  $TR = TC$
- C** Firm will earn supernormal profit
- D** None of these



#Q. If the market demand curve for a commodity has a negative slope then the market structure must be:

(PYQ Jun 22)

- A** Perfect competition
- B** Monopoly
- C** Imperfect competition
- D** The market structure cannot be determined as the information is insufficient

#Q. The elasticity of demand on the upper segment of a kinked demand curve will be \_\_\_\_\_.

(PYQ Jun 22)

- A** Infinite
- B** Equal to one
- C** Greater than one
- D** Less than one



## QUESTION



#Q. Unique supply curve in monopoly is not due to \_\_\_\_\_.  
(MTP Apr 21, Apr 23)

- A**  $P > MC$
- B**  $P < MC$
- C**  $P = MC$
- D** None of these

## QUESTION

#Q. Cross elasticity of demand for the monopolist's product or any other product is \_\_\_\_\_.

(MTP Mar 22)

- A** Zero
- B** Very small
- C** High
- D** Either (A) or (B)



#Q. Dynamic fare charged by Indian railways is an example of :

(MTP Mar 21)

- A** Pure monopoly
- B** Discriminating monopoly
- C** Perfect competition
- D** None of these





5:30, 31 August  
Full Macro

**Thank**

*You*

3 hours

55 marks

Exam Oriented

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