

# National Testing Agency

**Question Paper Name:** Introduction to Managerial Economics 10th November 2019 Shift 2  
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## Introduction to Managerial Economics

**Group Number :** 1  
**Group Id :** 70959776  
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**Group Marks:** 75

## Introduction to Managerial Economics

**Section Id :** 70959777  
**Section Number :** 1  
**Section type :** Online  
**Mandatory or Optional:** Mandatory  
**Number of Questions:** 75  
**Number of Questions to be attempted:** 75  
**Section Marks:** 75  
**Display Number Panel:** Yes  
**Group All Questions:** No

**Sub-Section Number:** 1  
**Sub-Section Id:** 70959786  
**Question Shuffling Allowed :** Yes

**Question Number : 1 Question Id : 7095977567 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

The overall fashion apparel business in India is growing very fast and likely to touch 15 billion dollars in the next five years. Being a producer in this industry you are expected to:

- (a) Cut down on your production process
- (b) Hire more labourers and build some excess capacity
- (c) Exit the industry
- (d) Invest in food industry

**Question Number : 2 Question Id : 7095977568 Question Type : MCQ Option Shuffling : No Display Question Number : Yes**  
**Single Line Question Option : No Option Orientation : Vertical**

Correct Marks : 1 Wrong Marks : 0

Indian government is planning to reduce its tariff rate (a tax imposed on imported goods and services which makes these goods more expensive). As a result, your demand for branded clothes will:

- (a) Increase
- (b) Remain the same
- (c) Decrease
- (d) Will not undergo any change

Question Number : 3 Question Id : 7095977569 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Demand for medicines is fairly inelastic. If the government decides to increase the sales tax on medicines the burden of this increased tax will be borne more by \_\_\_\_\_.

- (a) Consumers
- (b) Producers
- (c) Government
- (d) All will share the burden equally

Question Number : 4 Question Id : 7095977570 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Cafe Coffee Day - India's most popular cafe chain, has raised huge capital by selling its shares in order to invest in new technology. As a result:

- (a) The demand for its products would increase
- (b) The Supply of its products would increase
- (c) The demand for its products would decrease
- (d) The supply of its products would decrease

Question Number : 5 Question Id : 7095977571 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If both demand and supply increase, we can conclude that:

- (a) The equilibrium price will increase for sure but the change in quantity is ambiguous
- (b) The equilibrium price will decrease for sure but the change in quantity is ambiguous
- (c) The equilibrium quantity will increase for sure but the change in price is ambiguous
- (d) The equilibrium quantity will decrease for sure but the change in price is ambiguous

Question Number : 6 Question Id : 7095977572 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The global recession of 2008 caused high rates of unemployment. How would this affect the demand curve for the Mercedes Benz car, assuming it is a normal good:

- (a) The quantity demanded would reduce.
- (b) The demand curve would shift to the left
- (c) The demand curve would shift to the right
- (d) There would be no effect on the demand curve.

Question Number : 7 Question Id : 7095977573 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

What is evidence that we are living in an age of decentralisation and specialisation?

- (a) McDonald's is looking to hire a branding specialist
- (b) McDonald's employees each perform one specific task when making burgers
- (c) You have no idea who grew the food to make your McDonald's meal
- (d) All of the above

Question Number : 8 Question Id : 7095977574 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

A society cannot produce outside the PPF curve because it is constrained by \_\_\_\_\_.

- (a) The number of consumers
- (b) The number of firms
- (c) The scarcity of resources
- (d) Inappropriate choices

Question Number : 9 Question Id : 7095977575 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

As we go down the PPF the rate at which economy turns computers into milk decreases because the opportunity cost of producing more milk \_\_\_\_\_.

- (a) Decreases
- (b) Increases
- (c) Remains constant
- (d) None of the above

Question Number : 10 Question Id : 7095977576 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If investment in infrastructure increases in India, where there are only two goods: cars and computers, then the production possibility frontier will:

- (a) Shift outward
- (b) Remain the same
- (c) Shift inward
- (d) Rotate from right to left

Question Number : 11 Question Id : 7095977577 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If the price of sugar goes up, what would happen to the demand for tea? Assume that sugar is essential to make a cup of tea:

- (a) Demand for tea rises
- (b) Demand for tea falls
- (c) Demand for remains constant
- (d) None of the above

Question Number : 12 Question Id : 7095977578 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0



The equilibrium price for tomatoes in Bangalore is 30 rupees per kilo. The price is currently 40 rupees. What is likely to happen?

- (a) There will be a shortage and sellers will increase the price to 50 rupees.
- (b) Markets will clear and sellers will maintain the price of 40 rupees.
- (c) There will be a surplus and sellers will reduce the price to 20 rupees.
- (d) There will be a surplus and sellers will reduce the price to 30 rupees.

**Question Number : 13 Question Id : 7095977579 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

How would a deficient monsoon affect prices of rice? (A good monsoon helps farmers increase their supply of rice)

- (a) Prices would decrease
- (b) Prices would increase
- (c) No effect on prices
- (d) None of the above

**Question Number : 14 Question Id : 7095977580 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

The Royal Challengers Bangalore cricket team increased the price of IPL tickets from 2000 rupees to 3000 rupees (IPL stands for 'Indian Premier League' which is a professional cricket league in India). The attendance in the Chinnaswamy Stadium drops from 40,000 to 30,000. What is the price elasticity of demand for the IPL tickets of Royal Challengers Bangalore?

- (a) 0.666...
- (b) 0.4
- (c) 1.5
- (d) None of the above

**Question Number : 15 Question Id : 7095977581 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Consumers who buy the commodities in a market are assumed to be:

- (a) Rational
- (b) Selfish
- (c) Utility maximisers
- (d) None of the above

**Question Number : 16 Question Id : 7095977582 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

Let us take the example of two cities say Kolkata and Bangalore. The demographic configuration of these cities is such that the former is the home for more elderly people (say above the age of 45) and the latter contains more of youngsters/floating population (because of the IT boom). The demand for rented flats would be:

- (a) Higher in Kolkata than Bangalore
- (b) Same in both the cities
- (c) Lower in Kolkata than Bangalore
- (d) Is not affected by such demographic disparity

**Question Number : 17 Question Id : 7095977583 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical**

**Correct Marks : 1 Wrong Marks : 0**

There is an increase in the rate of interest on loans in the real estate sector. Your demand curve for rented housing would experience:

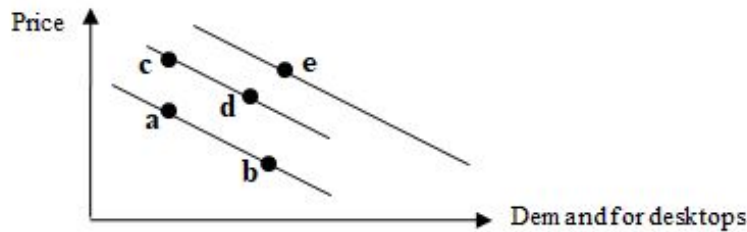
- (a) A parallel outward shift
- (b) A parallel inward shift
- (c) An unparallel shift
- (d) No shift

Question Number : 18 Question Id : 7095977584 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Carefully study the figure below and answer the following question:

Which movement would reflect a decrease in the price of tablets?



- (a) c to d
- (b) c to a
- (c) c to e
- (d) None of the above

Question Number : 19 Question Id : 7095977585 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Indian e-commerce industry Flipkart restricted its five-day long sale only to its app users. As a result:

- (a) The number of app downloads rose to as many as five million in the last week
- (b) The sale of its electronic gadgets dropped by half
- (c) The company incurred a huge loss
- (d) The number of app downloads got reduced by two million

Question Number : 20 Question Id : 7095977586 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of these is least likely to be a factor affecting the price elasticity of demand for smart phones?

- (a) Time of the purchase
- (b) Availability of substitutes
- (c) The weather
- (d) Proportion of income spent

Question Number : 21 Question Id : 7095977587 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Suppose public transport is an inferior good for you. As your income goes up you would

- (a) Take more frequent bus trips
- (b) Buy a car
- (c) Prefer to walk
- (d) None of the above



Question Number : 22 Question Id : 7095977588 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The demand curve for a certain life-saving medicine is steeper than the demand curve for a Coca-Cola can. What does this say about the price-elasticity of supply for the two products?

- (a) The soft drink is relatively inelastic with respect to the medicine
- (b) The medicine is relatively elastic with respect to the soft drink can
- (c) The medicine is relatively inelastic with respect to the soft drink can
- (d) The slope of the demand curve is unrelated to the price elasticity of supply

Question Number : 23 Question Id : 7095977589 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

There is a sudden increase in price of the following four products. Which product is likely to have the least fall in demand in the short run?

- (a) Cars
- (b) Newspaper
- (c) Video games
- (d) Pizza

Question Number : 24 Question Id : 7095977590 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following statements is true?

- (a) The cross-price elasticity of demand is negative for substitutes
- (b) The cross-price elasticity of demand is positive for complements
- (c) The income elasticity of demand is positive for inferior goods
- (d) The income elasticity of demand is positive for normal goods

Question Number : 25 Question Id : 7095977591 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In an excise tax, to the buyer it seems as though the \_\_\_ i \_\_\_ curve has shifted to the \_\_\_ ii \_\_\_.

- (a) i = demand ii = right
- (b) i = demand ii = left
- (c) i = supply ii = left
- (d) i = supply ii = right

Question Number : 26 Question Id : 7095977592 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

A consumer was willing to buy his first T-shirt for 400 rupees, a supplier is willing to supply his first T-shirt for 250 rupees. The price of the T-shirt is 300 rupees. What can be concluded?

- (a) The buyer's surplus is equal to the seller's surplus
- (b) The buyer's surplus is greater than the seller's surplus
- (c) The buyer's surplus is less than the seller's surplus
- (d) None of the above

Question Number : 27 Question Id : 7095977593 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

As a result of an increase in both the demand and supply of a particular commodity, there was an increase in the equilibrium price and quantity. From this we can conclude that:

- (a) The increase in demand has exceeded the increase in supply
- (b) The increase in demand has equalized the increase in supply
- (c) The increase in demand has fallen short of the increase in supply
- (d) None of the above

Question Number : 28 Question Id : 7095977594 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Due to a sudden increase in demand for international schools, the school principal wishes to expand the school. However, he realises that he is unable to do so instantly. Why?

- (a) He is operating in the short run
- (b) He is operating in the medium run
- (c) He is operating in the long run
- (d) There is lack of students' enrolment

Question Number : 29 Question Id : 7095977595 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

You, the manager of a large auto manufacturing plant, realise that productivity is not increasing any more as you are employing more workers in the short run. Instead productivity has started to go down. Is this because of?

- (a) Increasing returns to scale
- (b) Constant returns to scale
- (c) Diminishing returns to scale
- (d) None of the above

Question Number : 30 Question Id : 7095977596 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The Law of Diminishing Returns is valid:

- (a) Only in the Long Run
- (b) Only in the Short Run
- (c) Both in the Long Run and Short Run
- (d) Independent of time

Question Number : 31 Question Id : 7095977597 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The value of marginal fixed cost is:

- (a) Positive
- (b) Constant
- (c) Negative
- (d) Zero

Question Number : 32 Question Id : 7095977598 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0



A firm with some market power observes that it is producing 250 units and that its marginal cost is 50 and its marginal revenue is 40. What advice would you give to this firm?

- (a) Increase quantity
- (b) Decrease quantity
- (c) Decrease prices
- (d) Do not change any decisions

Question Number : 33 Question Id : 7095977599 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The values of marginal cost and marginal variable cost are equal. True or False?

- (a) True
- (b) False

Question Number : 34 Question Id : 7095977600 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If there are Economies of Scale, long run average costs would be increasing. True or False?

- (a) True
- (b) False

Question Number : 35 Question Id : 7095977601 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

You are the manager of a steel mill. The price of steel is 10,000 rupees per tonne. The cost of adding extra plants in your factory is 100,000 rupees. You must keep hiring workers as long as the marginal product of each additional plant is \_\_\_\_\_.

- (a) 100
- (b) 8
- (c) 5
- (d) 10

Question Number : 36 Question Id : 7095977602 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In which way are the average variable cost and average total cost curve similar?

- (a) Both start decreasing and then increase
- (b) Both start increasing and then decrease
- (c) Both increase consistently
- (d) Both decrease consistently

Question Number : 37 Question Id : 7095977603 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following statement(s) is true?

- i. Average Total Cost =  $TC - Q$
- ii. Total Cost = Fixed Costs x Variable Cost
- iii.  $ATC = \text{Fixed Cost}/Q + \text{Variable Cost}/Q = AFC + AVC$

- (a) iii only
- (b) ii only
- (c) i only
- (d) Both i and iii



Question Number : 38 Question Id : 7095977604 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If you start a company and at the end of one year you make an accounting profit but not an economic profit, then you can say that:

- (a) Explicit costs were greater than implicit costs
- (b) Implicit costs were greater than explicit costs
- (c) Explicit costs plus implicit costs were greater than the revenue from your business
- (d) None of the above

Question Number : 39 Question Id : 7095977605 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

On the weekend you can do four things, and your order of preference is listed below:<<<

1. Watch cricket match
2. Go swimming
3. Do your homework
4. Play football with friends

Since it rained you could neither watch the cricket match, nor go swimming. You decide to do your homework. What is the opportunity cost of this decision?

- (a) Watch cricket match
- (b) Go swimming
- (c) Play football with friends
- (d) None of the above

Question Number : 40 Question Id : 7095977606 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

You are the manager of a rubber manufacturing company. Your company has been expanding rapidly over the last few years and your average costs have fallen. However, of late, you have noticed that your average costs are actually increasing with expansion. Why is this?

- (a) You are experiencing diseconomies of scale
- (b) You are experiencing economies of scale
- (c) You first experienced economies of scale but are now experiencing diseconomies of scale
- (d) You first experienced diseconomies of scale but are now experiencing economies of scale

Question Number : 41 Question Id : 7095977607 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

A student has scored an average of 80 percent on six Economics quizzes. If the score on the seventh quiz exceeds 80 percent, then the average:

- (a) Falls
- (b) Rises
- (c) Remains constant
- (d) None of the above

Question Number : 42 Question Id : 7095977608 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If output is zero, variable cost is \_\_\_\_\_ and total cost is \_\_\_\_\_.

- (a) Positive, Positive
- (b) Zero, Total Fixed Cost
- (c) Zero, Zero
- (d) Cannot be determined, cannot be determined

Question Number : 43 Question Id : 7095977609 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The answer to the question 'what causes economies of scale or productivity to rise with an increase in size' would be 'specialization'. True or False?

- (a) True
- (b) False

Question Number : 44 Question Id : 7095977610 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Producing smartphones, tablets and laptops with a particular software in one factory is an example of:

- (a) Economies of Scale
- (b) Diseconomies of Scale
- (c) Economies of Scope
- (d) None of the above

Question Number : 45 Question Id : 7095977611 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

\_\_\_\_\_ is a cost which has already been incurred and cannot be recovered.

- (a) Fixed cost
- (b) Historical cost
- (c) Sunk cost
- (d) Implicit cost

Question Number : 46 Question Id : 7095977612 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

There is no distinction between firm and industry in a monopoly market. True or False?

- (a) True
- (b) False

Question Number : 47 Question Id : 7095977613 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following statement is true?

- (a) A perfectly competitive industry produces more output and charges the same price as a monopoly
- (b) A perfectly competitive industry produces less output but charges a lower price than a monopoly
- (c) A perfectly competitive industry produces less output and charges the same price as a monopoly
- (d) A perfectly competitive industry produces more output and charges a lower price than a monopoly

Question Number : 48 Question Id : 7095977614 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In a monopoly market there are:

- (a) Many buyers as well as many sellers
- (b) Many buyers and single seller
- (c) Single Buyer and many sellers
- (d) Single buyer as well as single seller

Question Number : 49 Question Id : 7095977615 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Monopoly is an inefficient market structure. True or False?

- (a) True
- (b) False

Question Number : 50 Question Id : 7095977616 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Patents and copyrights help in creating monopolies by putting restrictions on:

- (a) Price
- (b) Quantity
- (c) Profits
- (d) Entry

Question Number : 51 Question Id : 7095977617 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following is NOT an example of price discrimination?

- (a) Higher price of tickets at multiplexes during weekends
- (b) Shop for rupees 3000 and get a denim worth rupees 900 free
- (c) Happy hours at bars and lounges
- (d) Cash on delivery for your purchase on Amazon

Question Number : 52 Question Id : 7095977618 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

For a monopoly, the market demand curve is the firm's \_\_\_\_\_.

- (a) Average Revenue Curve
- (b) Marginal Revenue Curve
- (c) Average Cost Curve
- (d) Marginal Cost Curve

Question Number : 53 Question Id : 7095977619 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

A monopolist would never produce in the inelastic part of the demand curve. True or False?

- (a) True
- (b) False

Question Number : 54 Question Id : 7095977620 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0



Monopolistic Competition shares its features with \_\_\_\_\_.

- (a) Only Perfect Competition
- (b) Only Monopoly
- (c) Perfect Competition and Monopoly
- (d) Monopoly and Oligopoly

Question Number : 55 Question Id : 7095977621 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Entry is free in a perfectly competitive market, but exit is not. True or False?

- (a) True
- (b) False

Question Number : 56 Question Id : 7095977622 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Perfectly Competitive firms face a perfectly inelastic demand curve. True or False?

- (a) True
- (b) False

Question Number : 57 Question Id : 7095977623 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Monopoly market structure has barriers to entry. True or False?

- (a) True
- (b) False

Question Number : 58 Question Id : 7095977624 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which one of the following is/are the sources of monopoly power?

- (a) Elasticity of demand
- (b) Number of firms
- (c) Type of competition
- (d) All of the above

Question Number : 59 Question Id : 7095977625 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Monopsony is characterized as a market condition where there is a single buyer. True or False?

- (a) True
- (b) False

Question Number : 60 Question Id : 7095977626 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Cournot model can be considered as a simultaneous move game. True or False?

- (a) True
- (b) False

Question Number : 61 Question Id : 7095977627 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Product differentiation is a defining characteristic of the following market:

- (a) Perfect Competition
- (b) Monopoly
- (c) Both perfect competition and monopoly
- (d) Monopolistic Competition

Question Number : 62 Question Id : 7095977628 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

An example of a Simultaneous/Static game is:

- (a) Chess
- (b) Checkers
- (c) Rock-Paper-Scissor
- (d) None of the above

Question Number : 63 Question Id : 7095977629 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Price wars are most likely when the market is \_\_\_\_\_.

- (a) Perfectly Competitive
- (b) Monopolistic
- (c) Oligopolistic
- (d) All of the above.

Question Number : 64 Question Id : 7095977630 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If you score the next penalty, your team would be crowned champions of the FIFA World Cup. The opposing goalkeeper has an equal incentive to stop you from scoring. This is an example of a zero-sum game because:

- (a) Only one person can win the game
- (b) One person's gain is another person's loss
- (c) The magnitudes of gain and loss are equivalent
- (d) All of the above

Question Number : 65 Question Id : 7095977631 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Suppose in a perfectly competitive market there are 10,000 firms. The value of HHI for that market would be:

- (a) 10,000
- (b) 1000
- (c) 100
- (d) 0

Question Number : 66 Question Id : 7095977632 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

A monopolistically competitive firm has excess capacity because:

- (a) In the long run it earns an economic profit
- (b) In the short run its ATC is less than its AVC
- (c) In the short run its MR exceeds its MC
- (d) In the long run its ATC exceeds its minimum ATC

Question Number : 67 Question Id : 7095977633 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

There are many buyers and sellers in monopolistically competitive market where each firm produces a differentiated product. True or False?

- (a) True
- (b) False

Question Number : 68 Question Id : 7095977634 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

\_\_\_\_\_ is a strategy that yields a higher payoff no matter what the other person's strategy is.

- (a) Dominant strategy
- (b) Dominated strategy
- (c) Game Theory strategy
- (d) Zero-Sum strategy

Question Number : 69 Question Id : 7095977635 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following is a zero-sum game?

- (a) A prisoner's dilemma
- (b) Two competing firms deciding whether to price products high or low
- (c) A member of an oil cartel deciding whether or not to cheat the cartel
- (d) A table-tennis match

Question Number : 70 Question Id : 7095977636 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following are present in an extensive form?

- 1) Players
  - 2) Sequence of player's moves
  - 3) Choice made by each player
  - 4) Payoffs for different strategies
- (a) Only 1 and 2
  - (b) Only 1 and 3
  - (c) All of the above
  - (d) None of the above

Question Number : 71 Question Id : 7095977637 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In a kinked demand curve model, there are two (or multiple) marginal revenue curves because:

- (a) There are two (or multiple) demand curves
- (b) The elasticity of demand changes at the kink(s)
- (c) Both the above options
- (d) None of the above

Question Number : 72 Question Id : 7095977638 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0



Yummy Pizzas and Delicious Pizzas are both deciding their prices simultaneously. If both of them choose a high price, they will both earn 15 thousand dollars. If both of them choose a low price they will both earn 10 thousand dollars. If one of them prices high while the other prices low, the one that prices high will earn 5 thousand dollars while the other will earn 20 thousand. Given that the two companies cannot communicate with each other and have full knowledge of this payoff matrix, what is the most likely outcome?

- (a) Both companies will charge a high price
- (b) Yummy Pizzas will charge a high price while Delicious Pizzas will charge a low price
- (c) Delicious Pizzas will charge a high price while Yummy Pizzas will charge a low price
- (d) Both companies will charge a low price

Question Number : 73 Question Id : 7095977639 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

It is reported that Maggi noodles have high amounts of lead and MSG, which are bad for health.

What effect would this have on the demand curve for Maggi noodles:

- (a) The demand curve would have shifted to the left
- (b) The demand curve would have shifted to the right.
- (c) The quantity demanded would reduce.
- (d) There would be no effect on the demand curve.

Question Number : 74 Question Id : 7095977640 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Suppose there are two firms who are competing in quantity. The inverse demand curve for the industry is given by  $p = 100 - Q$ . Both firms have a marginal cost of 10. What is the total output in this industry in Cournot equilibrium?

- (a) 60
- (b) 90
- (c) 45
- (d) 30

Question Number : 75 Question Id : 7095977641 Question Type : MCQ Option Shuffling : No Display Question Number : Yes  
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Perfectly competitive firms should stop hiring labour inputs when:

- (a) Price equals Marginal Cost
- (b) Marginal Cost equals Marginal Revenue
- (c) Marginal Revenue equals Average Revenue
- (d) All the above