

28. In monopoly market under decreasing returns, equilibrium
- (a) must occur
 - (b) will not occur
 - (c) may or may not occur
 - (d) may occur but the equilibrium will not be stable

29. Which one is not correct about monopoly market ?
- (a) There is no distinction between firm and industry
 - (b) The product has close substitutes
 - (c) There is no advertisement cost
 - (d) New firms cannot enter the industry

30. Read the following statements

- (i) There is no distinction between firm and industry under monopoly
- (ii) New firms cannot enter the monopoly market
- (iii) There is no advertising expenditure under monopoly

Now, which of the following answers is correct ?

- (a) only (1) and (2) are correct
- (b) Only (2) and (3) are correct
- (c) Only (1) and (3) are correct
- (d) all are correct

31. The cause of emergence of monopoly is

- (a) collusion of rival firms
- (b) natural advantage
- (c) exclusive knowledge about the technique of production
- (d) all the above

32. Which of the following is responsible for the emergence of monopoly ?

- (a) patent
- (b) exclusive knowledge about production technique
- (c) monopoly ownership of strategic raw materials
- (d) all of the above

33. Which of the following statements is correct ?

- (a) Monopolist makes an advertisement expenditure
- (b) Monopoly firm is the price taker
- (c) Monopoly firm forms the industry
- (d) All are correct

34. Which one is not true about monopoly ?

- (a) single seller
- (b) many buyers
- (c) Presence of advertisement expenditure
- (d) blockaded entry for new firms

35. The relation among AR, MR and |e| is given by

(a) $AR = \frac{MR}{1 - \frac{1}{|e|}}$

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

(c) $AR = MR \left(1 + \frac{1}{|e|}\right)$

(d) none of these

36. Tick the correct one :

(a) $MR = AR - \frac{AR}{|e|}$

(b) $P \geq MR$

(c) $(AR - MR) |e| = AR$

(d) All are correct

37. Which one is not always correct ?

(a) $P \geq MR$

(b) $MR = MC$

(c) $MR = P \left(1 - \frac{1}{|e|}\right)$

(d) $P - MR = \frac{P}{|e|}$

Answer key

28. (a)

29. (b)

30. (d)

31. (d)

32. (d)

33. (c)

34. (c)

35. (a)

36. (d)

37. (b)

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