ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution

Answerkey 42

Sub: Economics Class: XII

Chapter 10: Market Equilibrium Under Perfect Competition **F.M.: 15**
Topic: Short and long run equilibrium
of a firm under Perfect Competition **Date: 08/08/2020**

Multiple choice questions **1x15 = 15**

1. In long run the firm under perfect competition earns _______profit.
   a. Normal,
   b. Super normal,
   c. Negative,
   d. Positive.
   Ans: a. Normal.
2. The short run supply curve of a firm under perfect competition can be derived from _______curve.
   a. AC,
   b. AVC,
   c. MC,
   d. TC.
   Ans: c. MC.
3. There exist infinite number of buyers and sellers in _________market.
   a. Monopoly,
   b. Oligopoly,
   c. Duopoly,
   d. Perfect competition.
   Ans: d.Perfect competition.
4. If total revenue is equal to total cost in perfect competitive market then the firm will get ________profit.
   a. Super normal.
   b. Normal,
   c. Actual,
   d. Real.
   Ans: b. Normal.

5. The firm under perfect competition is price ________.
    a. Maker,
    b. Taker,
    c. Giver,
    d. Determiner.

    Ans: b. Taker.
6. There will be perfect __________about the market under perfect competition.
    a. Demand,
    b. Supply,
    c. Knowledge,
    d. Quality.

    Ans: c. Knowledge.
7. __________cost is the only cost under perfect competition.
    a. Transport,
    b. Storage,
    c. Advertisement,
    d. Production.

    Ans: d. Production.
8. In perfect competitive market __________ is equal to AR and MR.
    a. Price,
    b. Quantity,
    c. Demand,
    d. Supply.

    Ans: a. Price.
9. There will be perfect ________of factors of production.
    a. Mobility,
    b. Competition,
    c. Knowledge,
    d. Quality.

    Ans: a. Mobility.
10. The sufficient condition of profit maximization is________must be upward rising..
    a. AC,
    b. MC,
    c. AVC,
    d. AFC.

    Ans: b. MC.
11. There exist free entry and free exit in ___________market.
    a. Monopoly.
    b. Oligopoly,
    c. monopsony,

d. Perfect competitive.

Ans: d. Perfect competitive.

12. The necessary condition of profit maximization is________.
    a. MR=MC,
    b. MR=AC,
    c. MC=AC,
    d. AR=AC.

    Ans: a. MR=MC.
13. Production cost is the only cost in _____________market.
    a. Monopoly,
    b. Perfect competition,
    c. Oligopoly,
    d. Duopoly.

    Ans: b. Perfect competition,
14. For long run equilibrium price must be equal to __________.
    a. TC,
    b. TFC,
    c. TVC,
    d. MC.

    Ans: d. MC.
15. The short run supply curve of a perfectly competitive firm is __________.
    a. Upward rising,
    b. Downward sloping,
    c. Vertical,
    d. Horizontal.

    Ans: a.Upward rising.

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