



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Answerkey 43

**Sub: Economics Class: XII**

**Chapter 10: Market Equilibrium Under Perfect Competition**

**F.M.: 15**

**Topic: Price determination of a firm  
under Perfect Competition**

**Date: 10/08/2020**

---

### Multiple choice questions

**1x15 = 15**

1. The time period under perfect competition is \_\_\_\_\_.
  - a. Very short period,
  - b. Short period,
  - c. Long period,
  - d. All of these.

Ans: d. All of these.
2. Under perfect competition price is determined by \_\_\_\_\_.
  - a. Demand only,
  - b. Supply only,
  - c. Interaction of demand and supply,
  - d. None of these.

Ans: c. Interaction of demand and supply,
3. \_\_\_\_\_ sets the price of the product under perfect competition.
  - a. Government,
  - b. Consumer,
  - c. Sellers,
  - d. Both buyers and sellers.

Ans: d. Both buyers and sellers.
4. Under perfect competition, price of product \_\_\_\_\_.
  - a. Can be controlled,
  - b. Cannot be controlled,
  - c. Controlled to some extent,
  - d. Depends on government.

Ans: b. Cannot be controlled.
5. In perfect competitive market \_\_\_\_\_ is equal to AR and MR.

- a. Price,
- b. Quantity,
- c. Demand,
- d. Supply.

Ans: a. Price.

6. The necessary condition of profit maximization is\_\_\_\_\_.

- a.  $MR=MC$ ,
- b.  $MR=AC$ ,
- c.  $MC=AC$ ,
- d.  $AR=AC$ .

Ans: a.  $MR=MC$ .

7. Equilibrium price under perfect competition is determined by the intersection of \_\_\_\_\_.

- a. Market demand and market supply,
- b. Input and output,
- c. Market demand and firm supply,
- d. None of these.

Ans: a. Market demand and market supply.

8. Which of the following industry is the best example of perfectly competitive market?

- a. Tooth paste,
- b. Automobile,
- c. Agriculture,
- d. Ice cream.
- e. Ans: c. Agriculture.

9. The minimum point of AVC curve is known as \_\_\_\_\_.

- a. Shut down point,
- b. Break even point,
- c. Optimum point,
- d. Full employment point.

Ans: a. Shut down point.

10. The firm under perfect competition is price \_\_\_\_\_.

- a. Maker,
- b. Taker,
- c. Giver,
- d. Determiner.

Ans: b. Taker.

11. There exist free entry and free exit in \_\_\_\_\_market.

- a. Monopoly.
- b. Oligopoly,

- c. monopsony,
- d. Perfect competitive.
- e. Ans: d. Perfect competitive.

12. 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.

13. For long run equilibrium price must be equal to \_\_\_\_\_.

- a. TC,
- b. TFC,
- c. TVC,
- d. MC.

Ans: d. MC.

14. The minimum point of AC curve is known as \_\_\_\_\_.

- a. Shut down point,
- b. Break even point,
- c. Optimum point,
- d. Full employment point.

Ans: b. Break even point,

15. A perfectly competitive firm can sell its product at a \_\_\_\_\_ price.

- a. Normal,
- b. Abnormal,
- c. Fixed,
- d. Variable.

Ans: c. Fixed.

DebaleenaGanguly.  
10.08.2020