

**PART B** **Workbook [ कार्य-पुस्तिका ]**  
 [Competency-based Learning through **Objective Questions**]

**SET-1**  
**Fill in the Blanks**

Choose appropriate word/term and fill in the blank:

1. A firm under perfect competition is a \_\_\_\_\_ . (price taker price maker)
2. MR is \_\_\_\_\_ AR under perfect competition. (less than equal to)
3. \_\_\_\_\_ is a typical characteristic of a firm under perfect competition where a firm has no control over price. (Homogeneous product Differentiated product)
4. Selling cost is \_\_\_\_\_ under perfect competition. (significant insignificant)
5. A consumer possesses perfect knowledge of market conditions under \_\_\_\_\_. (perfect competition/imperfect competition)
6. A firm under perfect competition has \_\_\_\_\_ control over price. (no/partial)
7. A firm under perfect competition enjoys \_\_\_\_\_ in the long run. (normal profits/super normal profits)
8. Demand curve under perfect competition is \_\_\_\_\_. (perfectly elastic/perfectly inelastic)
9. There are \_\_\_\_\_ number of buyers and sellers in a perfectly competitive market. (large small)
10. Under perfect competition, the AR and MR curve of a firm is \_\_\_\_\_. (parallel to X-axis/downward sloping)

**SET-2**  
**Multiple Choice**

Choose the correct option:

1. **Market refers to:**
  - (a) the geographical area where only sale of goods and services is done
  - (b) the geographical area where only purchase of goods and services is done
  - (c) the mechanism of sale and purchase of goods and services
  - (d) none of these
2. **Categorisation of market into different forms depends upon \_\_\_\_\_.**
  - (a) direction of competition
  - (b) degree of competition
  - (c) number of firms
  - (d) both (b) and (c)
3. **Size of the market is large when:**
  - (a) the number of the buyers is large
  - (b) the sale and purchase of a commodity is large
  - (c) the number of sellers is large
  - (d) the degree of competition is large

4. **Under perfect competition, a firm has:**
  - (a) no control over price
  - (b) partial control over price
  - (c) full control over price
  - (d) none of these
5. **Under perfect competition, a firm:**
  - (a) is a price taker
  - (b) is a price maker
  - (c) both (a) and (b)
  - (d) none of these
6. **Which of the following is a characteristic of perfect competition?**
  - (a) Single seller
  - (b) Product differentiation
  - (c) Perfect mobility of the factors
  - (d) Entry barriers
7. **Under perfect competition, AR and MR curve is \_\_\_\_\_.**
  - (a) a horizontal straight line parallel to X-axis
  - (b) a vertical straight line parallel to Y-axis
  - (c) convex to the origin
  - (d) concave to the origin
8. **In comparison to other market forms, perfect competition facilitates:**
  - (a) lowest output and higher price
  - (b) highest output and lowest price
  - (c) both highest output and highest price
  - (d) both lowest output and lowest price
9. **Firms under perfect competition earn normal profits in the long run because of \_\_\_\_\_.**
  - (a) free entry
  - (b) free exit
  - (c) free entry as well as free exit
  - (d) none of these
10. **Optimum level of output is that level of output where:**
  - (a) AVC for each firm is the lowest
  - (b) AC for each firm is the lowest
  - (c) TVC for each firm is the lowest
  - (d) TC for each firm is the lowest

### **SET-3**

#### **True or False**

*State whether the following statements are True or False:*

1. Perfectly competitive market allows no room for free entry and exit. (True/False)
2. Abnormal losses are possible in the long run for a perfectly competitive firm. (True/False)
3. Firms under perfect competition are price makers. (True/False)
4. A firm under perfect competition need not incur extensive marketing cost. (True/False)
5. Product differentiation is a key feature of firms under perfect competition. (True/False)
6. A perfectly competitive firm engages in price discrimination. (True/False)
7. Under perfect competition, buyers and sellers are fully aware of the price prevailing in the market. (True/False)
8. A firm under perfect competition has full control over price. (True/False)
9. Sellers and buyers of the products lack perfect knowledge about the market conditions under perfect competition. (True/False)
10. Demand curve under perfect competition slopes downwards from left to right. (True/False)

## SET-4

### True-False Alternatives

In the following questions (1-5), two statements are given. Read the statements carefully and choose the correct alternative among those given below:

Alternatives:

- (a) Both the statements are true
- (b) Both the statements are false
- (c) Statement 1 is true and Statement 2 is false
- (d) Statement 2 is true and Statement 1 is false

1. **Statement 1** : Price discrimination is associated with perfect competition.

**Statement 2** : The firm's demand curve and industry demand curve is same in case of perfect competition.

2. **Statement 1** : A perfectly competitive firm has no control over price of the product.

**Statement 2** : A firm under perfect competition is a price taker.

3. **Statement 1** : A perfectly competitive firm has full control over demand of his product.

**Statement 2** : Market price can be influenced by both buyers and sellers under perfect competition.

4. **Statement 1** : There are a large number of buyers and sellers selling homogeneous products under perfect competition.

**Statement 2** : Like price, quantity to be sold by a firm under perfect competition is fixed by the industry.

5. **Statement 1** : A perfectly competitive firm faces a downward sloping demand curve.

**Statement 2** : All firms in a perfectly competitive industry produce homogeneous product.

## SET-5

### Choose the Correct Pair of Statements/Identify the Correct Sequence of Alternatives

1. From the set of statements given in Column I and Column II, choose the correct pair of statements:

Column I	Column II
A. Market	(i) A shopping complex
B. Differentiated product	(ii) A typical characteristic of perfect competition
C. A firm under perfect competition	(iii) A price taker
D. Partial control over price	(iv) Possible under perfect competition

Alternatives:

(a) A—(i)

(b) B—(ii)

(c) C—(iii)

(d) D—(iv)

2. Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I:

Column I	Column II
A. Perfectly elastic demand curve	(i) Price taker
B. A firm under perfect competition	(ii) Not able to influence price of the commodity
C. Perfect competition	(iii) Perfect competition
D. An individual seller under perfect competition	(iv) Uniform price prevails in the market



**Alternatives:**

(a) A—(iv), B—(iii), C—(i), D—(ii)

(b) A—(ii), B—(i), C—(iv), D—(iii)

(c) A—(ii), B—(iii), C—(iv), D—(i)

(d) A—(iii), B—(i), C—(iv), D—(ii)

3. Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I:

Column I	Column II
A. Market	(i) Identical with respect to shape, size, quality, colour, etc.
B. Large number of buyers and sellers	(ii) A horizontal straight line parallel to X-axis
C. Homogeneous product	(iii) A feature of perfect competition
D. AR curve under perfect competition	(iv) Mechanism that brings buyers and sellers of a commodity in contact with each other

**Alternatives:**

(a) A—(iv), B—(ii), C—(i), D—(iii)

(b) A—(ii), B—(iv), C—(iii), D—(i)

(c) A—(iv), B—(iii), C—(i), D—(ii)

(d) A—(iii), B—(i), C—(iv), D—(ii)

**SET-6****Assertion and Reasoning**

In the following questions (1-5), a statement of Assertion (A) is followed by a statement of Reason (R). Choose the correct alternative among those given below:

**Alternatives:**

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)  
 (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)  
 (c) Assertion (A) is true but Reason (R) is false  
 (d) Assertion (A) is false but Reason (R) is true

- Assertion (A)** : A firm under perfect competition is a price taker.  
**Reason (R)** : There exists a large number of buyers and sellers who deal in homogenous products under perfect competition.
- Assertion (A)** : Demand curve of a firm under perfect competition is perfectly elastic.  
**Reason (R)** : Under perfect competition, price is to be reduced in order to sell more.
- Assertion (A)** : Each firm under perfect competition has to incur huge selling cost.  
**Reason (R)** : The demand curve of a firm under perfect competition is a straight line parallel to X-axis.
- Assertion (A)** : A firm under perfect competition can never earn super normal profits.  
**Reason (R)** : Free entry and exit of firms is a characteristic feature of perfect competition.
- Assertion (A)** : A perfectly competitive firm can sell any quantity he likes, at a given price.  
**Reason (R)** : Under perfect competition, price is fixed by the industry.

## ANSWERS

### SET-1

1. price taker
2. equal to
3. Homogeneous product
4. insignificant
5. perfect competition
6. no
7. normal profits
8. perfectly elastic
9. large
10. parallel to X-axis

### SET-2

1. (c)
2. (d)
3. (b)
4. (a)
5. (a)
6. (c)
7. (a)
8. (b)
9. (c)
10. (b)

### SET-3

1. False
2. False
3. False
4. True
5. False
6. False
7. True
8. False
9. False
10. False

### SET-4

1. (b)
2. (a)
3. (b)
4. (c)
5. (d)

### SET-5

1. (c)
2. (d)
3. (c)

### SET-6

1. (a)
2. (c)
3. (d)
4. (d)
5. (b)