

NAT II Management Science Economy

Sr	Questions	Answers Choice
1	Under the kinked demand curve model, an increase in marginal cost will lead to:	<p>A. <div>An increase in output level and a decrease in price.</div></p> <p>B. <div>A decrease in output level and an increase in price.</div></p> <p>C. <div>A decrease in output level and no change in price.</div></p> <p>D. <div>Neither a change in output level nor a change in price.</div></p>
2	In monopoly, which of the following is NOT true?	<p>A. Products are differentiated</p> <p>B. <div>There is freedom of entry and exit into the industry in the long run</div></p> <p>C. The firm is a price maker</p> <p>D. There is one main seller</p>
3	The price elasticity of demand for any good must be less than or equal to zero unless:	<p>A. The good is a necessity.</p> <p>B. The good is a luxury.</p> <p>C. The good is a Giffen good.</p> <p>D. None of the given options.</p>
4	The market structure in which strategic considerations are most important is:	<p>A. Monopolistic competition.</p> <p>B. Oligopoly.</p> <p>C. Pure competition.</p> <p>D. Pure monopoly.</p>
5	A monopolistically competitive firm in the long run equilibrium:	<p>A. Will make negative profit.</p> <p>B. Will make zero profit.</p> <p>C. Will make positive profit</p> <p>D. Any of the given are possible.</p>