# 2016 E.C 1st Quarter Economics 2nd Worksheet for grade 11th

**Name** _____ **Section** _____ **No** _____

## I. Choose the best answer from the given alternatives

1. A perfectly competitive market firms faces
   A. Perfectly elastic demand curve
   B. Perfectly inelastic demand curve
   C. Elastic demand curve
   D. Inelastic demand curve
2. Suppose your marginal utility from consuming the 3rd slice of cake is zero, then your total utility from consuming cake is
   A. Negative B. maximized C. increasing D. decreasing
3. Which of the following is not true about a perfectly competitive market structure?
   A. AR>P B. MR=P C. MR=AR D. AR=P
4. All of the following are true about a monopolist except
   A. Average and marginal revenue are not the same
   B. Marginal revenue is greater than price
   C. Marginal revenue decrease with increase in output
   D. Marginal revenue can be negative
5. In the long run
   A. All costs are variable cost
   B. All costs are fixed costs
   C. Variable costs equal fixed costs
   D. Fixed costs are greater than variable costs
6. A perfectly competitive firm produces 5000 units of good at total cost of 30,000. The price of each good is birr 5. Calculate the firm's short run profit or loss.
   A. Profit of 5000 B. loss of 5000 C. Profit of 25000 D. loss of 2500

## II. Short Answer

7. Under what conditions will a firm operating in perfectly competitive industry choose to leave the industry?
8. Differentiate first degree, Second degree and third degree of price discrimination.
9. In a perfectly competitive market, the firm is in the long-run equilibrium when

## III. Work out

10. The monopolist inverse demand function is given by $P=400-5Q^2$. The total cost function of this firm is given by $TC= 100 + 20Q^2$. What are the profit maximizing level of output and the maximum profit of the monopolist?