

## Chapter

# Theory Of The Firm Under Perfect Competition

1. Give the meaning of revenue?
2. Define total revenue, average revenue, and marginal revenue.
3. What is the relationship between the price curve and the MR curve when the price remains the same at all output levels?
4. Can MR be zero or negative?
5. What will be the shape of the MR curve when TR increases at a constant rate?
6. Out of the three concepts of revenue which one is also known as price?
7. What is the shape of the TR curve when the price remains the same at all output levels?
8. What happens to TR when MR is positive?
9. What is the behavior of average revenue in a market in which a firm can sell more only by lowering the price?
10. Draw average revenue and marginal revenue curves in a single diagram of a firm that can sell more units of a good only by lowering the price of that good. Explain.
11. Explain the relationship between total revenue and marginal revenue with the help of a diagram.
12. Discuss the relationship between MR and AR when (i) price remains constant (ii) price falls with the rise in output.
13. Calculate TR, AR, and MR:

10	9	8	7	6	5	4
1	2	3	4	5	6	7
14. Define supply.
15. Define market supply.
16. State the law of supply.
17. What is meant by a shift in the supply curve?

18. The coefficient of elasticity of supply of a commodity is 0.4. What percentage change in supply will take place if its price rises by 20%?
19. When is the supply of a commodity called elastic?
20. What is meant by the market period?
21. Distinguish between supply and stock.
22. Explain any two determinants of supply of a commodity.
23. Discuss the various points of difference between contraction and decrease in supply.
24. What is meant by a change in supply? State three factors that can cause a change in supply.
25. State three causes of the increase in supply.
26. Briefly discuss the percentage method for measuring price elasticity of supply. How does subsidy influence the supply of a good by a firm? Explain.
27. Explain the concept of supply schedule and supply curve with the help of a hypothetical schedule and diagram.
28. Explain the difference between the shift of the supply curve and movement along the supply curve. State one factor responsible for each. Use diagrams.
29. Explain any three factors causing a shift of the supply curve of a commodity.
30. Define price elasticity of supply. Explain the percentage method for measuring price elasticity of supply.