Quiz 9.1: Week 9 Quiz

Due Nov 28 at 11:59pm **Points** 20 **Questions** 20
Available Nov 15 at 12am - Nov 28 at 11:59pm **Time Limit** 30 Minutes

Instructions

Module Outcomes.png **Learning Outcome Addressed**

- Understand and analyze the firm's equilibrium and pricing methods in each market structure

It is now time to assess your understanding of the concepts covered so far in this module.

Quiz Instructions

- The time limit for this quiz is 30 mins. Kindly complete and submit this quiz within this time.
- You have only one attempt to answer the quiz.
- All quiz attempts must be attempted by **Friday, November 28, 2025, by 11:59 PM IST.**
- The correct answers will be displayed after quiz submissions deadline.

Note: *This is a graded quiz and counts towards programme completion.*

This quiz was locked Nov 28 at 11:59pm.

Submission Details:

Time:	13 minutes
Current Score:	18 out of 20
Kept Score:	18 out of 20

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	13 minutes	18 out of 20

Score for this quiz: 18 out of 20
Submitted Nov 25 at 8:24am
This attempt took 13 minutes.

Question 1 — 1 / 1 pts

Externalities in the presence of information asymmetry may result in:

- Efficient resource allocation
- Perfect competition
- Decreased market demand
- Correct! Overproduction or overconsumption of goods

That's correct!

Question 2 — 1 / 1 pts

The Kinked demand curve for oligopolists assumes that rivals will –

- Correct! Match price cuts but ignore price increases.
- Neither match price cuts nor price increases
- Match price cuts and price increases

Match price increases, but ignore price cuts

That's correct!

Question 3

1 / 1 pts

What pricing strategy is associated with oligopoly in the context of limit pricing?

Correct!

- Setting prices below average cost to deter new entrants
- Collaborative price setting by all firms in the market
- Setting prices at the highest possible level
- Frequent price changes to attract more customers

That's correct!

Question 4

1 / 1 pts

The kinked demand curve explains price rigidity in oligopoly because

- Firms will not agree to a give price

Correct!

- Firms expect any change in price will lower revenue and profits.
- The firm's revenue will fall as the price falls
- Firms agree to a given price

That's correct!

Question 5

1 / 1 pts

In game theory, what is a "Nash Equilibrium"?

- A point where all players maximize their utility
- A state of complete cooperation among players
- A scenario with perfect competition

Correct!

- A situation where no player has an incentive to change their strategy unilaterally

That's correct!

Question 6

1 / 1 pts

What is the primary characteristic of price leadership in oligopoly?

Small firms set the prices collectively

Correct! One dominant firm sets the industry price

Prices are set based on a competitive bidding process

Prices are determined by government regulation

That's correct!

Question 7

1 / 1 pts

What is the primary focus of game theory in economics?

Market structure

Correct! Strategic interactions

Consumer behavior

Production efficiency

That's correct!

Question 8

0 / 1 pts

What happens to the market demand curve in a price leadership model?

It becomes perfectly inelastic

You Answered It remains unchanged

It shifts to the left

Correct Answer It becomes perfectly elastic

That's incorrect! Revisit the videos for this week.

Question 9

1 / 1 pts

What role does government franchise granting to a single firm play in oligopoly?

Encourages perfect competition

Eliminates barriers to entry

Promotes monopolistic competition

Correct! Establishes a single dominant firm

That's correct!

Question 10

1 / 1 pts

What is a potential solution to address information asymmetry in contracts?

- Increasing information asymmetry
- Correct! Designing well-structured contracts with appropriate incentives
- Avoiding any contractual arrangements
- Relying solely on verbal agreements

That's correct!

Question 11

1 / 1 pts

What is a characteristic of oligopoly resulting from owning patents or specialized production processes?

- Correct! Limited competition due to unique offerings
- Perfectly elastic demand
- Product differentiation
- Monopolistic competition

That's correct!

Question 12

1 / 1 pts

How do smaller firms typically react to the price set by the leader in an oligopoly?

- They compete to set a lower price
- They collaborate to set a higher price
- Correct! They generally follow the leader's price
- They ignore the leader's price and set their own

That's correct!

Question 13

1 / 1 pts

The is a gap in the oligopolist's marginal-revenue curve because

- Price drops abruptly
- The cost of production changes abruptly
- Correct! The slope of the demand curve changes abruptly
- Price rises abruptly

That's correct!

Question 14

1 / 1 pts

What is a key element in game theory that involves players making decisions without knowing the choices of others?

- Perfect information
- Asymmetric information
- Correct! Incomplete information
- Imperfect competition

That's correct!

Question 15

1 / 1 pts

What does the "Prisoner's Dilemma" illustrate in game theory?

- The tragedy of the commons
- Perfect competition
- Correct! Strategic interdependence
- Cooperation among players

That's correct!

Question 16

1 / 1 pts

What is a potential disadvantage of price leadership in oligopoly?

- Limited control over prices
- Increased price stability
- Correct! Antitrust concerns and legal issues
- Higher profits for all firms

That's correct!

Question 17

1 / 1 pts

How do economies of scale contribute to oligopoly?

- They encourage perfect competition
- They lead to price wars
- Correct! They create barriers to entry and favor larger firms

They create barriers to entry and favor larger firms

They reduce the market share of dominant firms

That's correct!

Question 18

0 / 1 pts

Moral hazard in financial markets arises when:

- There is no risk involved in financial transactions
- Correct Answer: Borrowers have more information than lenders
- Information is equally shared between lenders and borrowers
- You Answered: Lenders have more information than borrowers

That's incorrect! Revisit the videos for this week.

Question 19

1 / 1 pts

In price leadership, what role does the dominant firm play?

- It has no influence on pricing decisions
- It follows the prices set by smaller firms
- It competes aggressively on prices
- Correct! It sets the industry price, and other firms follow

That's correct!

Question 20

1 / 1 pts

How does control of raw materials contribute to the formation of oligopoly?

- It reduces barriers to entry
- Correct! It creates a strategic advantage and limits competition
- It increases competition among firms
- It promotes perfect competition

That's correct!

Quiz Score: **18** out of 20

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