1. (a) Costs + Profit
2. (d) Revenue
3. (b) Sales level
4. (b) HR
5. Price

   (d) TR increases at constant rate MR constant

   Explanation: MR is the rate of TR. If MR is constant, TR increases at a constant rate.
6. (a) Price remains fixed

   Explanation: In the perfectly competitive market, each firm is a price taker. As a result uniform price prevails in the market. It means that the revenue from every additional unit , i.e. MR is equalto the price (AR) of the product. So AR=MR in perfect competition.
7. (c) TR starts falling

   Explanation: As long as MR is positive TR increases , when MR is zero, TR is maximum and constant and when MR becomes negative, TR starts falling.
8. (a) Many close substitutes exist in monopolistic competition

   Explanation: In monopoly since there id only one seller and there no close substitutes customers cant shift to other products when the monopolist increases the prices. So the demand is less elastic whereas in monopolistic competition since there are large no of buyers and substitites are available consumer can easily shift to the substitutes with a change in price . So here the demand is more elastic.
9. (a) TR increases

   Explanation: As long as MR is positive, TR increases (or when TR rises, MR is positive).
10. (a) Both A and R are true and R is the correct explanation of A.

    Explanation: Both A and R are true and R is the correct explanation of A.