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Level: Edexcel IGCSE Economics (4EC1)

Subject: Economics

Topic: IGCSE Economics

Type: Topic Question

2002



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Economics Edexcel IGCSE
To be used for all exam preparation for 2025+

ECONOMICS

IGCSE

Key skills

****Question 1:****

What is a primary objective of a firm in a competitive market?

- A. To increase market share by lowering prices.
- B. To maximize customer satisfaction at the expense of profit.
- C. To minimize competition through high barriers to entry.
- D. To maintain a stable market share without altering prices.

[1 mark]

****Question 2:****

Which of the following best describes monopolistic competition?

- A. A market structure with only one seller.
- B. A market where firms sell identical products with no differentiation.
- C. A market where many firms sell similar but not identical products.
- D. A market dominated by a single large firm with significant control over prices.

EXAM PAPERS PRACTICE [1 mark]

****Question 3:****

In a perfectly competitive market, which of the following is true about the products sold?

- A. Products are differentiated.
- B. Products are homogeneous.
- C. Products are priced higher than in monopoly markets.
- D. Products are regulated by government price controls.

[1 mark]

****Question 4:****

Which of the following can be a potential barrier to entry in a market?

- A. Low consumer demand.
- B. High start-up costs.
- C. High level of competition.
- D. Low market share.

[1 mark]

****Question 5:****

What is the likely effect of a firm increasing its market share in a highly competitive market?

- A. The firm's market power will decrease.
- B. The firm's profitability will always increase.
- C. The firm's market power will increase, potentially leading to higher prices.
- D. The firm's cost of production will decrease instantly.

EXAM PAPERS PRACTICE [1 mark]

****Question 6:****

What role does advertising play in a competitive market?

- A. It ensures all firms have equal market shares.
- B. It can help differentiate a firm's products from competitors'.
- C. It reduces the need for product innovation.
- D. It guarantees increased consumer incomes.

[1 mark]

****Question 7:****

How does price competition affect firms in a competitive market?

- A. It leads to higher profit margins for all firms.
- B. It often results in lower prices and reduced profit margins.
- C. It reduces the need for marketing strategies.
- D. It guarantees a monopoly outcome.

[1 mark]

****Question 8:****

What is the primary reason for firms to engage in non-price competition?

- A. To avoid government regulations.
- B. To enhance product differentiation and build brand loyalty.
- C. To reduce the number of competitors in the market.
- D. To increase the price of their products.

EXAM PAPERS PRACTICE [1 mark]

****Question 9:****

Which of the following is a characteristic of an oligopoly?

- A. Many firms with no market power.
- B. Few firms with significant market control.
- C. Homogeneous products with no differentiation.
- D. Easy entry and exit for firms.

[1 mark]

****Question 10:****

How do firms typically respond to a competitor's price cut in an oligopolistic market?

- A. By ignoring the price cut.
- B. By increasing their own prices.
- C. By also reducing their prices to maintain competitiveness.
- D. By exiting the market immediately.

[1 mark]

