

Principles of Economics Icom Part 1 English Medium Chapter 7 Online Test

| Sr | Questions | Answers Choice |
|----|---|--|
| 1 | A firm is in equilibrium when its | A. Marginal revenue is equal to marginal cost B. Marginal revenue is more than marginal cost C. Marginal revenue is less than marginal cost D. Marginal revenue is equal to average cost |
| 2 | If there are large number of firms in some particular industry, then situation is called | A. Perfect competition B. Imperfect competition C. Monopoly D. Monopolistic competition |
| 3 | Usually elasticity of demand in equilibrium situation under monopoly is | A. Equal than unity B. Less than unity C. more than unity D. Zero |
| 4 | According to neo classical approach, output is the function of: | A. Labour B. Capital C. Organization D. Both (a) and (b) |
| 5 | When a firm earns abnormal profit in the short run, then its | A. MC=MR=AR=AC all are equal B. MC=MR=AR while AC is less C. MC=MR=AR while AC is more D. MC=MR=AR while AV is sometimes equal to them and sometimes less than tham |
| 6 | A monopolist firm usually earns | A. Normal profit B. Abnormal profit C. Minimum loss D. Abnormal loss |
| 7 | If the equation is this, MC=MR=AR(P) <ac firm<="" td="" the="" then=""><td>A. Earns normal profit B. Earns abnormal profit C. Bears loss D. Bears abnormal loss</td></ac> | A. Earns normal profit B. Earns abnormal profit C. Bears loss D. Bears abnormal loss |
| 8 | If the equation is this, MC=MR-AR(P)=AC, then the firm | A. Earns normal profit B. Earns abnormal profit C. Bears minimum loss D. Bears abnormal loss |
| 9 | Till marginal cost curve remains below the marginal revenue curve, from the economic point of view, increase in production for a firm is | A. Beneficial B. Unbeneficial C. May be beneficial or unbeneficial D. Neither beneficial nor unbeneficial |
| 10 | Monopoly is opposite to | A. Perfect competition B. Imperfect competition C. Perfect competition and imperfect competition both D. Oligopoly |
| 11 | Industry is in equilibrium under perfect competition in the long run, when every existing firm in the industry | A. Is earning abnormal profit B. Is earning normal profit C. Is facing minimum loss D. Is facing abnormal loss |
| 12 | When total production decreases, marginal product is: | A. Positive B. Negative C. Zero D. Infinite |
| 13 | Firm earns maximum profit at the point where | A. Difference between total costs and total revenue is highest and the total revenue curve is above B. Total costs and total revenue curves intersect each other C. Total costs curve is above the total revenue curve D. Difference between total costs and |

| | | total revenue is minimum |
|----|--|--|
| 14 | Laws of returns are also known as: | A. Laws of substitution B. Laws of consumption C. Laws of cost D. All of three |
| 15 | Under monopoly, marginal revenue is of output | A. Decreasing function B. Increasing function C. Quadratic function D. Cubic function |
| 16 | Under perfect competition, marginal revenue and average revenue curves | A. Moves from left to right upward B. Moves from left to right downward C. Remain parallel to x-axis D. Remain parallel to y-axis |
| 17 | If the most part of total supply of commodity is produced by one firm, it is called | A. Oligopoly B. Monopoly C. Perfect competition D. Monopolistic competition |
| 18 | If variable costs of a firm are covered partly under perfect competition, then that firm | A. Will run with normal profit B. Will run with abnormal profit C. Will run with minimum loss D. Will not continue its business and close down |
| 19 | Tendency of average revenue curve under monopoly is alwaus | A. Falls down B. Parallel to x-axis C. Rises up D. Parallel to y-axis |
| 20 | Under monopoly, number of firms is | A. Large B. Few C. One D. Two |