

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

| Sr | Questions | Answers Choice |
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| 1 | Which law is applicable when human and natural forces are balance ? | A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c) |
| 2 | A firm earns normal profit | A. When price of the commodity is equal to average cost B. When price of the commodity is more than average cost C. When price of the commodity is less than average cost D. When total revenue is more than total costs |
| 3 | 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 |
| 4 | Under perfect competition in the long run a firm | A. Always earns abnormal profit B. Always earns normal profit C. Usually earns abnormal profit D. Usually faces loss |
| 5 | 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 |
| 6 | 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 |
| 7 | In monopoly, when total revenue of a firm is maximum, then its marginal revenue is | A. Maximum B. Minimum C. Zero D. Negative |
| 8 | Under monopoly, number of firms is | A. Large B. Few C. One D. Two |
| 9 | What can a firm do in the short run | A. Firm can increase its plants B. Firm can expand its building C. New firm can not enter the business D. New firm can enter the business |
| 10 | Law of constant return is also known as: | A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c) |
| 11 | Monopolist firm in the long run | A. Always faces loss B. Usually faces loss C. Usually earns normal profit D. Always earns abnormal profit |
| 12 | According to neo classical approach, output is the function of: | A. Labour B. Capital C. Organization D. Both (a) and (b) |
| 13 | Under monopoly, marginal revenue is _____ of output | A. Decreasing function B. Increasing function C. Quadratic function D. Cubic function |

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| 14 | To increase profit a firm minimizes | A. Revenues B. Costs C. Demand D. Supply |
| 15 | 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 |
| 16 | Monopoly is opposite to | A. Perfect competition B. Imperfect competition C. Perfect competition and imperfect competition both D. Oligopoly |
| 17 | Firm earns abnormal profit, when | A. $AC=AR$ B. $AR>AC$ C. $AR<AC$ D. $AC=MC$ |
| 18 | Under monopoly, in the long run a firm | A. Earns normal profit B. Earns abnormal profit C. Bears minimum loss D. Bears abnormal loss |
| 19 | Tendency of average revenue curve under monopoly is always | A. Falls down B. Parallel to x-axis C. Rises up D. Parallel to y-axis |
| 20 | Law of decreasing return is also known as: | A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c) |