

Economics Ics Part 1 English Medium Chapter 11 Online Test

Sr	Questions	Answers Choice
1	When a firm using a fixed amount of land and capital takes on more workers, it finds that marginal product(MP) of labour falls but the average product(AP) of labour rises. This can be explained by the factors that	<p>A. MP of labour is greater than AP of labour</p> <p>B. additional workers are more efficient</p> <p>C. MP and AP are equal</p> <p>D. AP is maximum</p>
2	When average product (AP) and marginal product (MP) are rising.	<p>A. $AP > MP$</p> <p>B. $AP = MP$</p> <p>C. $AP < MP$</p> <p>D. $AP = MP = 0$</p>
3	In law of diminishing returns at least one factor	<p>A. must be constant</p> <p>B. must be owned by the firm</p> <p>C. must be purchasable</p> <p>D. must be efficient</p>
4	When total product rises marginal product.	<p>A. Remains the same</p> <p>B. Falls</p> <p>C. Also rises</p> <p>D. None of the three</p>
5	The slopes of average and marginal products curves are always zero under:	<p>A. Law of increasing returns</p> <p>B. Law of diminishing returns</p> <p>C. Law of constant returns</p> <p>D. Law of variable proportions</p>
6	Which of the following saying describes diminishing marginal returns in the short run?	<p>A. When the cat is away, the mouse will play</p> <p>B. Too many cooks spoil the broth</p> <p>C. A rolling stone gathers no moss</p> <p>D. A stitch in time saves nine</p>
7	When total product falls, marginal product is.	<p>A. Zero</p> <p>B. Positive</p> <p>C. Negative</p> <p>D. Falling</p>
8	Internal economies of scale include	<p>A. risk-bearing economies</p> <p>B. trade mark</p> <p>C. managerial economies</p> <p>D. a and c of above</p>
9	An important factor which promotes large scale production is:	<p>A. Extant of market</p> <p>B. Revolutionary changes in social life</p> <p>C. Culture and civilization</p> <p>D. All the three</p>
10	Law of decreasing returns generates	<p>A. law of economic growth</p> <p>B. law of increasing costs</p> <p>C. law of variable costs</p> <p>D. law of decreasing costs</p>
11	The law of variable proportions was presented by.	<p>A. David Ricords</p> <p>B. Alfred Marshall</p> <p>C. W.J.L. Ryan</p> <p>D. Pareto</p>
12	Marginal product indicates rate of change of	<p>A. total product</p> <p>B. average product</p> <p>C. variable product</p> <p>D. all of the above</p>
13	The maximum point of TP curve is at quantity of labour where	<p>A. Average physical product of labour is equal to 1</p> <p>B. MPP of labour is at its maximum</p> <p>C. curves of APP and MPP of labour intersect</p> <p>D. MPP of labour is zero</p>
		<p>A. Discount on purchases of raw materials</p> <p>B. Technical progress leads to</p>

14	Which of the following is example of external economies of scale?	<p>development or machines at low price</p> <p>C. Hiring of specialized staff due to increase in scale of production</p> <p>D. A firm starts producing by products</p>
15	Economies of scale	<p>A. occur when increase in input less than proportionate increase in output</p> <p>B. suggest that firm's marginal cost curve lies above its average cost curve</p> <p>C. suggest that the firm's marginal cost curve is declining</p> <p>D. occur when average cost is falling</p>
16	When diseconomies of scale outweigh economies of scale the	<p>A. long run AC curve rises</p> <p>B. marginal cost falls</p> <p>C. long run ATC curve falls</p> <p>D. AVC falls</p>
17	The concept of internal and external economics was given by.	<p>A. Adam Smith</p> <p>B. Robbins</p> <p>C. J.M.Keynes</p> <p>D. Alfred Marshall</p>
18	Which one will determine scale of production .	<p>A. Financial resources</p> <p>B. Production techniques</p> <p>C. Extant of the market</p> <p>D. All the above</p>
19	during short period, diminishing returns may follow because	<p>A. quantity of labour is fixed</p> <p>B. quality of labour is fixed</p> <p>C. quantity of capital is fixed</p> <p>D. quantity of any one factor is fixed</p>
20	Law of diminishing returns is a universal law as:	<p>A. It does apply in all aspects of an economy.</p> <p>B. Basically it applies in agriculture.</p> <p>C. It is hard to check it.</p> <p>D. It applies in industry as well</p>