

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

Sr	Questions	Answers Choice
1	Law of constant return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
2	Firm earns abnormal profit, when	A. $AC=AR$ B. $AR>AC$ C. $AR=AC$ D. $AC=MC$
3	Law of increasing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Power sector
4	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
5	Firms equilibrium is at that point where	A. $MC=AR$ B. $MC=MR$ C. $MC=AVC$ D. $MC=AC$
6	A monopolist firm usually earns	A. Normal profit B. Abnormal profit C. Minimum loss D. Abnormal loss
7	Laws of returns are also known as:	A. Laws of substitution B. Laws of consumption C. Laws of cost D. All of three
8	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
9	When total production decreases, marginal product is:	A. Positive B. Negative C. Zero D. Infinite
10	Speed of increase in total revenue remains equal with the increase in output	A. Under monopoly B. Under oligopoly C. Under perfect competition D. Under pure competition
11	Law of decreasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
12	If the demand for commodity being produced increases, then a firm in the short run ----- its variable factors	A. Increases B. Decreases C. Keeps the same D. None of three
13	Under monopoly, in the long run a firm	A. Earns normal profit B. Earns abnormal profit C. Bears minimum loss D. Bears abnormal loss
14	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

15	When total production is maximum, marginal product is:	A. Positive B. Negative C. Zero D. Infinite
16	According to neo classical approach, output is the function of:	A. Labour B. Capital C. Organization D. Both (a) and (b)
17	The difference between total revenue (TR) and total cost (TC) is called	A. Loss B. Profit C. Profit or loss D. Utility
18	If the equation is this, $MC=MR=AR(P)<AC$ then the firm	A. Earns normal profit B. Earns abnormal profit C. Bears loss D. Bears abnormal loss
19	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
20	Monopolist firm in the long run	A. Always faces loss B. Usually faces loss C. Usually earns normal profit D. Always earns abnormal profit