

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

Sr	Questions	Answers Choice
1	Laws of returns are also known as:	A. Laws of substitution B. Laws of consumption C. Laws of cost D. All of three
2	A monopolist firm usually earns	A. Normal profit B. Abnormal profit C. Minimum loss D. Abnormal loss
3	Law of diminishing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Education sector
4	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
5	Law of increasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
6	The difference between total revenue (TR) and total cost (TC) is called	A. Loss B. Profit C. Profit or loss D. Utility
7	According to neo classical approach, output is the function of:	A. Labour B. Capital C. Organization D. Both (a) and (b)
8	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
9	Under monopoly, number of firms is	A. Large B. Few C. One D. Two
10	If a monopolist wants to increase the sale of its product, it will have to ----- the price of its good	A. Decrease B. Increase C. Keep constant D. None of the three
11	A monopolist controls the supply	A. Totally B. Partially C. More D. Not at all
12	Law of increasing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Power sector
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	When total production increases, marginal product is:	A. Positive B. Negative C. Zero D. Infinite
15	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 normal loss

		D. Bears abnormal loss
16	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
17	In monopoly, when total revenue of a firm is maximum, then its marginal revenue is	A. Maximum B. Minimum C. Zero D. Negative
18	When average product increases, marginal product is:	A. Also increases B. Decreases C. Zero D. Negative
19	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
20	When average product is maximum, marginal product is:	A. Positive B. Equal to AP C. Zero D. Negative