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

Sr	Questions	Answers Choice
1	Firms equilibrium is at that point where	A. MC=AR B. MC=MR C. MC=AVC D. MC=AC
2	Law of decreasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
3	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
4	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
5	Under monopoly, marginal revenue is _____ of output	A. Decreasing function B. Increasing function C. Quadratic function D. Cubic function
6	Law of diminishing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Education sector
7	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
8	Under monopoly, number of firms is	A. Large B. Few C. One D. Two
9	Monopoly is opposite to	A. Perfect competition B. Imperfect competition C. Perfect competition and imperfect competition both D. Oligopoly
10	A monopolist controls the supply	A. Totally B. Partially C. More D. Not at all
11	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
12	To increase profit a firm minimizes	A. Revenues B. Costs C. Demand D. Supply
13	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
14	According to neo classical approach, output is the function of:	A. Labour B. Capital C. Organization

		D. Both (a) and (b)
15	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
16	Laws of returns are also known as:	A. Laws of substitution B. Laws of consumption C. Laws of cost D. All of three
17	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
18	Firm earns abnormal profit, when	A. AC=AR B. AR>AC C. AR<AC D. AC=MC
19	In monopoly, when total revenue of a firm is maximum, then its marginal revenue is	A. Maximum B. Minimum C. Zero D. Negative
20	When total production increases, marginal product is:	A. Positive B. Negative C. Zero D. Infinite