

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

Sr	Questions	Answers Choice
1	Firm earns abnormal profit, when	A. $AC=AR$ B. $AR>AC$ C. $AR<AC$ D. $AC=MC$
2	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
3	The difference between total revenue (TR) and total cost (TC) is called	A. Loss B. Profit C. Profit or loss D. Utility
4	If the most part of total supply of commodity is produced by one firm, it is called	A. Oligopoly B. Monopoly C. Perfect competition D. Monopolistic competition
5	Under monopoly, number of firms is	A. Large B. Few C. One D. Two
6	According to neo classical approach, output is the function of:	A. Labour B. Capital C. Organization D. Both (a) and (b)
7	A monopolist firm usually earns	A. Normal profit B. Abnormal profit C. Minimum loss D. Abnormal loss
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	Shut down point appears, when	A. $AVC=AR$ B. $AVC>AR$ C. $AVC<AR$ D. $AC=AR$
10	Law of diminishing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Education sector
11	When average product is maximum, marginal product is:	A. Positive B. Equal to AP C. Zero D. Negative
12	Monopoly is opposite to	A. Perfect competition B. Imperfect competition C. Perfect competition and imperfect competition both D. Oligopoly
13	A monopolist controls the supply	A. Totally B. Partially C. More D. Not at all
14	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. None of these

		D. New firm can enter the business
15	When total revenue and total cost of a firm are equal, the firm earns	A. Abnormal profit <b>B. Normal profit</b> C. Normal loss D. Abnormal loss
16	Firm earns maximum profit at the point where	<b>A. Difference between total costs and total revenue is highest and the total revenue curve is above</b> B. Total costs and total revenue curves intersect each other C. Total costs curve is above the total revenue curve D. Difference between total costs and total revenue is minimum
17	Under monopoly, marginal revenue is _____ of output	<b>A. Decreasing function</b> B. Increasing function C. Quadratic function D. Cubic function
18	A firm earns normal profit	<b>A. When price of the commodity is equal to average cost</b> 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
19	Industry is in equilibrium under perfect competition in the long run, when every existing firm in the industry	A. Is earning abnormal profit <b>B. Is earning normal profit</b> C. Is facing minimum loss D. Is facing abnormal loss
20	When a firm earns abnormal profit in the short run, then its	A. $MC=MR=AR=AC$ all are equal <b>B. <math>MC=MR=AR</math> while <math>AC</math> is less</b> C. $MC=MR=AR$ while $AC$ is more D. $MC=MR=AR$ while $AV$ is sometimes equal to them and sometimes less than them