

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

Sr	Questions	Answers Choice
1	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
2	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
3	A firm earns normal profit	A. When price of the commodity is equal to average cost 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
4	Firms equilibrium is at that point where	A. $MC=AR$ B. $MC=MR$ C. $MC=AVC$ D. $MC=AC$
5	The formula of calculating total revenue is	A. $P \times Q$ B. $P \times AC$ C. $AC \times Q$ D. $TC / Q$
6	Law of diminishing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Education sector
7	One condition which is not included in perfect competition conditions	A. Homogeneity of product B. Difference in price C. Large number of buyers and sellers D. Perfect knowledge of the market
8	Laws of returns are also known as:	A. Laws of substitution B. Laws of consumption C. Laws of cost D. All of three
9	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
10	In monopoly, when total revenue of a firm is maximum, then its marginal revenue is	A. Maximum B. Minimum C. Zero D. Negative
11	Which law is applicable when human and natural forces are balance ?	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
12	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
13	When average product is maximum, marginal product is:	A. Positive B. Equal to AP C. Zero D. Negative
14	A monopolist firm usually earns	A. Normal profit B. Abnormal profit C. Minimum loss D. Abnormal loss

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15 According to neo classical approach, output is the function of:  
A. Labour  
B. Capital  
C. Organization  
D. Both (a) and (b)

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16 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

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17 When total production increases, marginal product is:  
A. Positive  
B. Negative  
C. Zero  
D. Infinite

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18 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

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19 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

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20 Law of decreasing return is also known as:  
A. Increasing cost  
B. Constant cost  
C. Diminishing cost  
D. Both (a) and (c)

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