

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

Sr	Questions	Answers Choice
1	To increase profit a firm minimizes	A. Revenues B. Costs C. Demand D. Supply
2	When a firm earns abnormal profit in the short run, then its	A. MC=MR=AR=AC all are equal B. MC=MR=AR while AC is less C. MC=MR=AR while AC is more D. MC=MR=AR while AV is sometimes equal to them and sometimes less than them
3	Law of increasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
4	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
5	Shut down point appears, when	A. $AVC=AR$ B. $AVC > AR$ C. $AVC < AR$ D. $AC=AR$
6	Law of constant return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
7	When average product increases, marginal product is:	A. Also increases B. Decreases C. Zero D. Negative
8	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
9	The formula of calculating total revenue is	A. $P \times Q$ B. $P \times AC$ C. $AC \times Q$ D. $TC / Q$
10	Laws of returns are also known as:	A. Laws of substitution B. Laws of consumption C. Laws of cost D. All of three
11	Under monopoly, marginal revenue is _____ of output	A. Decreasing function B. Increasing function C. Quadratic function D. Cubic function
12	When total revenue and total cost of a firm are equal, the firm earns	A. Abnormal profit B. Normal profit C. Normal loss D. Abnormal loss
13	According to neo classical approach, output is the function of:	A. Labour B. Capital C. Organization D. Both (a) and (b)
14	Firms equilibrium is at that point where	A. $MC=AR$ B. $MC=MR$ C. $MC=AVC$ D. $MC=AC$
15	Monopolist firm in the long run	A. Always faces loss B. Usually faces loss C. Usually earns normal profit

D. Always earns abnormal profit

16 When average product is maximum, marginal product is:

- A. Positive
- B. Equal to AP
- C. Zero
- D. Negative

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 Law of diminishing return is more applicable in:

- A. Trade sector
- B. Industrial sector
- C. Agricultural sector
- D. Education sector

19 A monopolist firm usually earns

- A. Normal profit
- B. Abnormal profit
- C. Minimum loss
- D. Abnormal loss

20 When total production decreases, marginal product is:

- A. Positive
- B. Negative
- C. Zero
- D. Infinite