

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

Sr	Questions	Answers Choice
1	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
2	A monopolist controls the supply	A. Totally B. Partially C. More D. Not at all
3	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)
4	Law of constant return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
5	Law of increasing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Power sector
6	Under perfect competition, marginal revenue and average revenue curves	A. Moves from left to right upward B. Moves from left to right downward C. Remain parallel to x-axis D. Remain parallel to y-axis
7	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
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	When average product is maximum, marginal product is:	A. Positive B. Equal to AP C. Zero D. Negative
10	The difference between total revenue (TR) and total cost (TC) is called	A. Loss B. Profit C. Profit or loss D. Utility
11	According to neo classical approach, output is the function of:	A. Labour B. Capital C. Organization D. Both (a) and (b)
12	When average product increases, marginal product is:	A. Also increases B. Decreases C. Zero D. Negative
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	Firm earns abnormal profit, when	A. $AC=AR$ B. $AR>AC$ C. $AR<AC$ D. $AC=MC$
15	A monopolist firm usually earns	A. Normal profit B. Abnormal profit C. Minimum loss D. Maximum loss

		D. Abnormal loss
16	Law of increasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
17	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
18	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
19	Monopoly is opposite to	A. Perfect competition B. Imperfect competition C. Perfect competition and imperfect competition both D. Oligopoly
20	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