

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

Sr	Questions	Answers Choice
1	A monopolist controls the supply	A. Totally B. Partially C. More D. Not at all
2	When average product increases, marginal product is:	A. Also increases B. Decreases C. Zero D. Negative
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	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
5	In monopoly, when total revenue of a firm is maximum, then its marginal revenue is	A. Maximum B. Minimum C. Zero D. Negative
6	Under monopoly, marginal revenue is _____ of output	A. Decreasing function B. Increasing function C. Quadratic function D. Cubic function
7	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
8	Law of increasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
9	According to neo classical approach, output is the function of:	A. Labour B. Capital C. Organization D. Both (a) and (b)
10	Law of constant return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
11	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
12	A monopolistic firm has control of	A. Whole market supply by one firm B. Whole market supply by two firms C. Whole market supply by a few firms D. None of these
13	Firm earns maximum profit at the point where	A. Difference between total costs and total revenue is highest and the total revenue curve is above 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

14	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
15	Firms equilibrium is at that point where	A. $MC=AR$ B. $MC=MR$ C. $MC=AVC$ D. $MC=AC$
16	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
17	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
18	To increase profit a firm minimizes	A. Revenues B. Costs C. Demand D. Supply
19	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
20	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