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

Sr	Questions	Answers Choice
1	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
2	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
3	Under monopoly, in the long run a firm	A. Earns normal profit B. Earns abnormal profit C. Bears minimum loss D. Bears abnormal loss
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	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
6	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
7	Laws of returns are also known as:	A. Laws of substitution B. Laws of consumption C. Laws of cost D. All of three
8	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
9	Tendency of average revenue curve under monopoly is alwaus	A. Falls down B. Parallel to x-axis C. Rises up D. Parallel to y-axis
10	When average product is maximum, marginal product is:	A. Positive B. Equal to AP C. Zero D. Negative
11	Law of increasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
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	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. New firm can enter the business

15	When average product increases, marginal product is:	A. Also increases B. Decreases C. Zero D. Negative
16	Monopoly is opposite to	A. Perfect competition B. Imperfect competition C. Perfect competition and imperfect competition both D. Oligopoly
17	When total production is maximum, marginal product is:	A. Positive B. Negative C. Zero D. Infinite
18	The difference between total revenue (TR) and total cost (TC) is called	A. Loss B. Profit C. Profit or loss D. Utility
19	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
20	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