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	Law of increasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
3	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
4	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
5	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
6	When average product increases, marginal product is:	A. Also increases B. Decreases C. Zero D. Negative
7	Under monopoly, marginal revenue is _____ of output	A. Decreasing function B. Increasing function C. Quadratic function D. Cubic function
8	Monopolist firm in the long run	A. Always faces loss B. Usually faces loss C. Usually earns normal profit D. Always earns abnormal profit
9	When average product is maximum, marginal product is:	A. Positive B. Equal to AP C. Zero D. Negative
10	To increase profit a firm minimizes	A. Revenues B. Costs C. Demand D. Supply
11	Firm earns abnormal profit, when	A. AC=AR B. AR>AC C. AR<AC D. AC=MC
12	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
13	The difference between total revenue (TR) and total cost (TC) is called	A. Loss B. Profit C. Profit or loss D. Utility
14	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 tham
		A. Marginal revenue is equal to

15	A firm is in equilibrium when its	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
16	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
17	Shut down point appears, when	A. AVC=AR B. AVC>AR C. AVC<AR D. AC=AR
18	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
19	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
20	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