

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

Sr	Questions	Answers Choice
1	When a firm earns abnormal profit in the short run, then its	A. <u>MC=MR=AR=AC</u> all are equal B. <u>MC=MR=AR</u> 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
2	When average product increases, marginal product is:	A. <u>Also increases</u> B. Decreases C. Zero D. Negative
3	When total production is maximum, marginal product is:	A. Positive B. Negative C. <u>Zero</u> D. Infinite
4	If a monopolist wants to increase the sale of its product, it will have to ----- the price of its good	A. <u>Decrease</u> B. Increase C. Keep constant D. None of the three
5	In monopoly, when total revenue of a firm is maximum, then its marginal revenue is	A. Maximum B. Minimum C. <u>Zero</u> D. Negative
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. <u>Remain parallel to x-axis</u> D. Remain parallel to y-axis
7	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. <u>Will not continue its business and close down</u>
8	Monopoly is opposite to	A. <u>Perfect competition</u> B. Imperfect competition C. Perfect competition and imperfect competition both D. Oligopoly
9	A firm is in equilibrium when its	A. <u>Marginal revenue is equal to marginal cost</u> B. Marginal revenue is more than marginal cost C. Marginal revenue is less than marginal cost D. Marginal revenue is equal to average cost
10	When average product is maximum, marginal product is:	A. Positive B. <u>Equal to AP</u> C. Zero D. Negative
11	A monopolistic firm has control of	A. <u>Whole market supply by one firm</u> B. Whole market supply by two firms C. Whole market supply by a few firms D. None of these
12	When total production increases, marginal product is:	A. <u>Positive</u> B. Negative C. Zero D. Infinite
13	Law of decreasing return is also known as:	A. <u>Increasing cost</u> B. Constant cost C. Diminishing cost D. Both (a) and (c)
		A. Homogeneity of product B. Heterogeneity of product

14	One condition which is not included in perfect competition conditions	B. Difference in price C. Large number of buyers and sellers D. Perfect knowledge of the market
15	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
16	Law of constant return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
17	Under monopoly, marginal revenue is _____ of output	A. Decreasing function B. Increasing function C. Quadratic function D. Cubic function
18	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
19	Law of increasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
20	Under monopoly, number of firms is	A. Large B. Few C. One D. Two