

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

Sr	Questions	Answers Choice
1	When total production increases, marginal product is:	A. Positive B. Negative C. Zero D. Infinite
2	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
3	Under monopoly, marginal revenue is _____ of output	A. Decreasing function B. Increasing function C. Quadratic function D. Cubic function
4	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
5	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
6	Law of diminishing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Education sector
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	Under monopoly, number of firms is	A. Large B. Few C. One D. Two
9	In monopoly, when total revenue of a firm is maximum, then its marginal revenue is	A. Maximum B. Minimum C. Zero D. Negative
10	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
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	Law of increasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
13	Firms equilibrium is at that point where	A. $MC=AR$ B. $MC=MR$ C. $MC=AVC$ D. $MC=AC$
14	If the most part of total supply of commodity is produced by one firm. it is called	A. Oligopoly B. Monopoly C. ...

		C. Perfect competition D. Monopolistic competition
15	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
16	Monopoly is opposite to	A. Perfect competition B. Imperfect competition C. Perfect competition and imperfect competition both D. Oligopoly
17	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
18	Shut down point appears, when	A. $AVC=AR$ B. $AVC>AR$ C. $AVC<AR$ D. $AC=AR$
19	A monopolist firm usually earns	A. Normal profit B. Abnormal profit C. Minimum loss D. Abnormal loss
20	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