

## Economics Ics Part 1 English Medium Chapter 11 Online Test

Sr	Questions	Answers Choice
1	Economies and diseconomies of scale determine the shape of	A. long run AC curve B. short run AC C. average fixed cost D. none of the above
2	When diseconomies of scale outweigh economies of scale the	A. long run AC curve rises B. marginal cost falls C. long run ATC curve falls D. AVC falls
3	In production of goods, negative returns in the short run imply that	A. average product is negative B. total product is negative C. marginal product is negative D. marginal cost is falling
4	The law of variable proportions was presented by.	A. David Ricords B. Alfred Marshall C. W.J.L. Ryan D. Pareto
5	Which of the following saying describes diminishing marginal returns in the short run?	A. When the cat is away, the mouse will play B. Too many cooks spoil the broth C. A rolling stone gathers no moss D. A stitch in time saves nine
6	When average product falls marginal product	A. Rises B. Also falls C. Remain equal to average product D. Does not change
7	Marginal product curve intersects average product curve when AP curve is	A. minimum B. maximum C. rising D. falling
8	When a firm using a fixed amount of land and capital takes on more workers, it finds that marginal product(MP) of labour falls but the average product(AP) of labour rises. This can be explained by the factors that	A. MP of labour is grater than AP of labour B. additional workers are more efficient C. MP and AP are equal D. AP is maximum
9	In law of diminishing returns at least one factor	A. must be constant B. must be owned by the firm C. must be purchasable D. must be efficient
10	Economies of scale	A. occur when increase in input less than proportionate increase in output B. suggest that firm's marginal cost curve lies above its average cost curve C. suggest that the firm's marginal cost curve is declining D. occur when average cost is falling
11	When average product (AP) and marginal product (MP) are rising.	A. AP > MP B. AP = MP C. AP < MP D. AP = MP = 0
12	Law of diminishing returns applies more in:	A. Industry B. Agriculture C. Mining D. Construction
13	Which of the following is example of external economies of scale?	A. Discount on purchases of raw materials B. Technical progress leads to development of machines at low price C. Hiring of specialized staff due to increase in scale of production D. A firm starts producing by products

14	In the second stage of the law of variable of proportions the average product:	A. Rises B. Remains constant C. Falls D. None of the three
15	during short period, diminishing returns may follow because	A. quantity of labour is fixed B. quality of labour is fixed C. quantity of capital is fixed D. quantity of any one factor is fixed
16	The concept of internal and external economics was given by.	A. Adam Smith B. Robbins C. J.M.Keynes D. Alfred Marshall
17	If in a production process, all inputs are increased by 10% and output increase by less than 10%, then it is called	A. economies of scale B. diseconomies of scale C. diminishing marginal returns D. negative economies
18	When total product (TP) reaches its maximum, Marginal product (MP) is_	A. Zero B. Positive C. Negative D. Rising
19	Marginal product indicates rate of change of	A. total product B. average product C. variable product D. all of the above
20	Which one will determine scale of production .	A. Financial resources B. Production techniques C. Extant of the market D. All the above