

Economics Ics Part 1 English Medium Chapter 11 Online Test

Sr	Questions	Answers Choice
1	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
2	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
3	Law of diminishing returns applies more in:	A. Industry B. Agriculture C. Mining D. Construction
4	Law of diminishing returns is a universal law as:	A. It does apply in all aspects of an economy. B. Basically it applies in agriculture. C. It is hard to check it. D. It applies in industry as well
5	When average product (AP) and marginal product (MP) are rising.	A. $AP > MP$ B. $AP = MP$ C. $AP < MP$ D. $AP = MP = 0$
6	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
7	When MP is zero, TP is	A. minimum B. maximum C. rising D. falling
8	Economies of scale are of two kinds	A. temporary and permanent B. internal and external C. managerial and industrial D. natural and artificial
9	When total product rises marginal product.	A. Remains the same B. Falls C. Also rises D. None of the three
10	When MP curve cuts AP curve, the AP is at its.	A. Lowest point B. Highest point C. Neither of the two D. Either of the two
11	The slopes of average and marginal products curves are always zero under:	A. Law of increasing returns B. Law of diminishing returns C. Law of constant returns D. Law of variable proportions
12	Which one will determine scale of production .	A. Financial resources B. Production techniques C. Extant of the market D. All the above
13	The law of increasing returns is also known as:	A. Law of increasing cost B. Law of diminishing cost C. Law of constant cost D. None of the three
14	When average product falls marginal product	A. Rises B. Also falls C. Remain equal to average product D. Does not change

15	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	<p>A. MP of labour is greater than AP of labour B. additional workers are more efficient C. MP and AP are equal D. AP is maximum</p>
16	Marginal product indicates rate of change of	<p>A. total product B. average product C. variable product D. all of the above</p>
17	Economies and diseconomies of scale determine the shape of	<p>A. long run AC curve B. short run AC C. average fixed cost D. none of the above</p>
18	Marginal product curve intersects average product curve when AP curve is	<p>A. minimum B. maximum C. rising D. falling</p>
19	Internal economies of scale include	<p>A. risk-bearing economies B. trade mark C. managerial economies D. a and c of above</p>
20	Which of the following saying describes diminishing marginal returns in the short run?	<p>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</p>