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

Sr	Questions	Answers Choice
1	Firm earns maximum profit at the point where	A. Difference between total costs and total revenue is highest and the total revenue curve is above B. Total costs and total revenue curves intersect each other C. Total costs curve is above the total revenue curve D. Difference between total costs and total revenue is minimum
2	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
3	Till marginal cost curve remains below the marginal revenue curve, from the economic point of view, increase in production for a firm is	A. Beneficial B. Unbeneficial C. May be beneficial or unbeneficial D. Neither beneficial nor unbeneficial
4	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
5	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
6	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
7	Monopolist firm in the long run	A. Always faces loss B. Usually faces loss C. Usually earns normal profit D. Always earns abnormal profit
8	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
9	Monopoly is opposite to	A. Perfect competition B. Imperfect competition C. Perfect competition and imperfect competition both D. Oligopoly
10	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
11	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
12	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

13	Under monopoly, marginal revenue is ______ of output	A. Decreasing function B. Increasing function C. Quadratic function D. Cubic function
14	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
15	Usually elasticity of demand in equilibrium situation under monopoly is	A. Equal than unity B. Less than unity C. more than unity D. Zero
16	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
17	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
18	Shut down point appears, when	A. AVC=AR B. AVC>AR C. AVC<AR D. AC=AR
19	Firm earns abnormal profit, when	A. AC=AR B. AR>AC C. AR<AC D. AC=MC
20	A monopolist firm usually earns	A. Normal profit B. Abnormal profit C. Minimum loss D. Abnormal loss
21	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
22	Under monopoly, in the long run a firm	A. Earns normal profit B. Earns abnormal profit C. Bears minimum loss D. Bears abnormal loss
23	In monopoly, when total revenue of a firm is maximum, then its marginal revenue is	A. Maximum B. Minimum C. Zero D. Negative
24	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
25	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
26	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
27	Firms equilibrium is at that point where	A. MC=AR B. MC=MR C. MC=AVC D. MC=AC
28	What can a firm do in the short run	A. Firm can increase its plants B. Firm can expand its building C. New firm can not enter the business D. New firm can enter the business
29	Under monopoly, number of firms is	A. Large B. Few C. One D. Two
		A. Homogeneity of product

30	One condition which is not included in perfect competition conditions	A. Homogeneity of product B. Difference in price C. Large number of buyers and sellers D. Perfect knowledge of the market
31	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
32	To increase profit a firm minimizes	A. Revenues B. Costs C. Demand D. Supply
33	A monopolistic firm has control of	A. Whole market supply by one firm B. Whole market supply by two firms C. Whole market supply by a few firms D. None of these
34	The formula of calculating total revenue is	A. P x Q B. P x AC C. AC x Q D. TC / Q
35	The difference between total revenue (TR) and total cost (TC) is called	A. Loss B. Profit C. Profit or loss D. Utility
36	A monopolist controls the supply	A. Totally B. Partially C. More D. Not at all
37	According to neo classical approach, output is the function of:	A. Labour B. Capital C. Organization D. Both (a) and (b)
38	When total production increases, marginal product is:	A. Positive B. Negative C. Zero D. Infinite
39	When total production is maximum, marginal product is:	A. Positive B. Negative C. Zero D. Infinite
40	When total production decreases, marginal product is:	A. Positive B. Negative C. Zero D. Infinite
41	When average product increases, marginal product is:	A. Also increases B. Decreases C. Zero D. Negative
42	Laws of returns are also known as:	A. Laws of substitution B. Laws of consumption C. Laws of cost D. All of three
43	When average product is maximum, marginal product is:	A. Positive B. Equal to AP C. Zero D. Negative
44	Law of increasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
45	Law of constant return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
46	Law of decreasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
47	Law of increasing return is more applicable in:	A. Trade sector B. Industrial sector

47	Law of increasing return is more applicable in:	C. Agricultural sector D. Power sector
48	Which law is applicable when human and natural forces are balance ?	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
49	Law of diminishing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Education sector