

Principles of Economics Icom Part 1 English Medium Chapter 8 Online Test

Sr	Questions	Answers Choice
1	With the increase of output, which cost of production increases:	A. VC B. AC C. FC D. MC
2	Marginal revenue product curve is called	A. Demand curve of firm B. Supply curve of firm C. Demand curve of industry D. Supply curve of industry
3	Long run average cost curve is:	A. Planning curve B. Envelope curve C. Flatter curve D. All of three
4	Demand for factors of production is	A. Direct B. Derived C. Positive D. Negative
5	Next best alternative use of resources is known as:	A. Implicit cost B. Explicit cost C. Opportunity cost D. Sunk cost
6	According to which theory every factor of production gets the reward of its services equal to its marginal product	A. Demand and supply theory B. Liquidity preference theory C. Marginal productivity theory D. Uncertainty theory
7	Under monopoly the slopes of AR and MR are:	A. Zero B. Positive C. Negative D. None of three
8	If a firm does not produce anything then its variable cost is:	A. Minimum B. Negative C. Maximum D. Zero
9	In short average cost curve is:	A. Saucer shaped B. Negative slope C. U shaped D. Flatter
10	Marginal revenue product is the amount of money attained by selling	A. Average product B. Marginal product C. Total product D. None of these
11	Wages of permanent labourers are:	A. Fixed cost B. Marginal cost C. Total cost D. Variable cost
12	All factors of production are variable in the:	A. Market period B. Long period C. Short period D. All of these
13	Amount of money attained by selling marginal product is called	A. Average revenue product B. Marginal revenue product C. Total revenue product D. None of three
14	According to which economist, it is difficult to find marginal product	A. Robbins and Keynes B. Marshall and pigou C. Adam Smith and Mathuls D. Taussing and Davenport
15	Under perfect competition:	A. $AR > MR$ B. $AR < MR$ C. $AR = MR$ D. All of three

16	Marginal productivity theory was presented by	A. Adam Smith and Malthus B. Marshall and J.B Clark C. Robbins and Keynes D. Pigou and Cannon
17	Self owned resources are known as:	A. Implicit cost B. Explicit cost C. Opportunity cost D. Sunk cost
18	When Ac is rising:	A. $AC = MC$ B. $MC > AC$ C. $MC < AC$ D. Both (b) and (c)
19	Wages of temporary labourers are:	A. Fixed cost B. Marginal cost C. Total cost D. Variable cost
20	Which law is applicable on production process under marginal productivity theory	A. Law of increasing return B. Law of constant return C. Law of decreasing return D. Law of decreasing cost
21	According to which economist, some factors are indivisible	A. Adam Smith B. Marshall C. Davenport D. Hobson
22	$TC = TFC +$:	A. MC B. AR C. TVC D. TAC
23	When AC is falling then:	A. $MC = AC$ B. $AVC = MC$ C. $MC > AC$ D. $MC < AC$
24	At least one factor is fixed in:	A. Market period B. Long period C. Short period D. All of three
25	MC cuts AC at:	A. Maximum point B. Minimum point C. Increasing point D. Decreasing point
26	AR curve is also called:	A. Supply curve B. Demand curve C. Utility curve D. Cost curve
27	Tendency of demand curve of a factor of production is	A. Positive B. Negative C. Zero D. Horizontal
28	According to which economist, it is difficult to find marginal product of a factor of production	A. Marshall and pigou B. Adam Smith and Malthus C. Keynes D. Taussing and Davenport
29	Marginal revenue product curve is called	A. Demand curve of the firm B. Supply curve of the firm C. Demand curve of the industry D. Supply curve of industry
30	Cost of a firm on the optimum combination of factors of production is	A. Minimum B. Maximum C. Reasonable D. Positive
31	Production of the last unit of a factor of production is called	A. Total product B. Average product C. Marginal product D. Positive product
32	The rate change in total cost is:	A. TR B. MC C. MR D. TC
33	Under perfect competition average revenue is equal to:	A. Average cost B. Price C. Marginal revenue

C. Marginal Revenue
D. Both b and c

34 Firm's cost depends upon:

A. Revenue
B. Supply
C. Price
D. Output

35 Fixed cost consists of:

A. Rent
B. Salaries
C. Interest
D. All of them

36 MPP stand is

A. Marginal price product
B. Marginal Physical Product
C. Marginal Physical Price
D. Marginal Perfect Price