

Economics Ics Part 1 English Medium Chapter 11 Online Test

Sr	Questions	Answers Choice
1	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
2	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
3	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
4	Economics of scale are of two kinds	A. temporary and permanent B. internal and external C. managerial and industrial D. natural and artificial
5	Laws of return apply to firms working in	A. perfect competition B. monopoly C. small firm D. all kinds of market situations
6	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
7	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
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 greater than AP of labour B. additional workers are more efficient C. MP and AP are equal D. AP is maximum
9	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
10	The maximum point of TP curve is at quantity of labour where	A. Average physical product of labour is equal to 1 B. MPP of labour is at its maximum C. curves of APP and MPP of labour intersect D. MPP of labour is zero
11	The government constructed a new water reservoir for the purpose of irrigation; this might be taken as	A. increase in supply of capital B. increase in supply of land C. increase in supply of land and supply of capital D. none of these
12	Internal economies of scale include	A. risk-bearing economies B. trade mark C. managerial economies D. a and c of above
		A. economies of scale

13	It in a production process, all inputs are increased by 10% and output increase by less than 10%, then it is called	B. diseconomies of scale C. diminishing marginal returns D. negative economies
14	The production function relates to	A. cost of output B. cost of input C. output to input D. demand to output
15	Marginal product curve intersects average product curve when AP curve is	A. minimum B. maximum C. rising D. falling
16	When MP is zero, TP is	A. minimum B. maximum C. rising D. falling
17	Marginal product indicates rate of change of	A. total product B. average product C. variable product D. all of the above
18	Law of decreasing returns generates	A. law of economic growth B. law of increasing costs C. law of variable costs D. law of decreasing costs
19	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
20	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
21	Which one will determine scale of production .	A. Financial resources B. Production techniques C. Extant of the market D. All the above
22	Commercial economics are a pat of:	A. Internal economics B. External economics C. Economies of scale D. None of the three
23	Which one is the small scale production.	A. Bata shoe factory B. A barber shop C. kohinoor Textile Industries D. Sufi soap
24	Law of diminishing returns applies more in:	A. Industry B. Agriculture C. Mining D. Construction
25	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 propoitions
26	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
27	When average product (AP) and marginal product (MP) are rising.	A. $AP > MP$ B. $AP = MP$ C. $AP \leq MP$ D. $AP = MP = 0$
28	When total product (TP) reaches its maximum, Marginal product (MP) is_	A. Zero B. Positive C. Negative D. Rising
29	When total product falls, marginal product is.	A. Zero B. Positive C. Negative D. Falling
30	The law of variable proportions was presented by.	A. David Ricords B. Alfred Marshall C. W.J.L. Ryan D. Pareto

31	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
32	An important factor which promotes large scale production is:	A. Extant of market B. Revolutionary changes in social life C. Culture and civilization D. All the three
33	When MP curve cuts AP curve, the AP is at its.	A. Lowest point B. Highest point C. Neither of the two D. Eighter of the two
34	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
35	When business expands beyond its optimum level what type of economics will it be getting.	A. Diseconomies B. Internal economies C. External economies D. Maanagerial economics
36	The concept of internal and external economics was given by.	A. Adam Smith B. Robbins C. J.M.Keynes D. Alfred Marshall
37	The law of variable proportions was presented by.	A. Jevens B. Rayon C. Hicks D. Valentine
38	Which one is the third stage of production under law of variable proportions	A. Decreasing average returns B. Increasing average return C. Negative marginal return D. Increasing marginal return
39	When average product falls marginal product	A. Rises B. Also falls C. Remain equal to average product D. Does not change
40	When total product rises marginal product.	A. Remains the same B. Falls C. Also rises D. None of the three