

Economics Ics Part 1 English Medium Online Test

Sr	Questions	Answers Choice
1	Marginal revenue of a monopolist is	A. equal to price B. greater than price C. less than price D. increases with output
2	Marginal revenue is always less than price at all level of output in	A. perfect competition B. monopoly C. both a and b D. none of the above
3	A monopoly generally	A. allocates resources in a socially optimal way B. encourages greater income equality C. encourages greater efficiency D. produces less quantity than the quantity which minimises average cost
4	A firm should shut down in the short run if it is not covering its	A. variable cost B. fixed cost C. total cost D. explicit cost
5	The most efficient scale of production of a firm is where	A. LAC is minimum B. SAC is minimum C. LMC is minimum D. SMC is minimum
6	When a competitive firm achieves long run equilibrium then	A. $P = MC$ B. $MR = MC$ C. $P = ATC$ D. all of the above
7	The necessary condition for equilibrium position of a firm is	A. $MR \geq MC$ B. $MC \geq \text{price}$ C. $MC = MR$ D. $MC = AC$
8	Under perfect competition	A. $AC = AVC$ B. $AR = AC$ C. $AR = MC$ D. $AR = MR$
9	If a firm shuts down temporarily, it will incur loss equal to	A. AFC B. AVC C. TFC D. TVC
10	Normal profit is called normal because	A. it is neither very high nor very low B. it is minimum acceptable to the producer C. it is minimum which buyer wants to pay D. it is maximum allowed by govt.
11	In monopoly and perfect competition the cost curves are	A. similar B. different C. opposite D. falling in competition rising in monopoly
12	Profit is maximum when	A. TC and TR curves are parallel B. MC and MR curves are parallel C. TC and TR curves cross each other D. AC and AR curves cross each other
13	A firm decides to exit the industry when	A. AC starts rising B. MC starts rising C. price is less than LAC D. TC starts rising
14	Total profit = ?	A. Per unit profit x output B. Per unit profit x input

		C. Per unit profit + output D. per unit profit - input
15	In short period how many possibilities in which a firm may find itself	A. four B. five C. six D. seven
16	If Bali burgers find that their MC of burgers is less than MR they would try to	A. expand business B. reduce business C. continue as before D. close business
17	There are large number of seller and buyers in the market but none is able to influence market price. such a market is called	A. free B. open C. regular D. competitive
18	A firm decides to shut down production temporarily when	A. MC start rising B. AC start rising C. price = AC D. price falls below AVC
19	A monopoly firm is in equilibrium when	A. MC intersects AC B. MC intersect MR C. AC intersects AR D. TC intersects TR
20	In the long run under perfect competition a firm produces at a point where	A. LAC is minimum B. SAC is minimum C. both LAC and SAC are minimum D. none is minimum