

## Economics Ics Part 1 English Medium Chapter 11 Online Test

Sr	Questions	Answers Choice
1	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
2	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
3	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
4	Marginal product indicates rate of change of	A. total product B. average product C. variable product D. all of the above
5	When MP is zero, TP is	A. minimum B. maximum C. rising D. falling
6	Marginal product curve intersects average product curve when AP curve is	A. minimum B. maximum C. rising D. falling
7	The production function relates to	A. cost of output B. cost of input C. output to input D. demand to output
8	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
9	Internal economies of scale include	A. risk-bearing economics B. trade mark C. managerial economies D. a and c of above
10	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
11	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
12	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
13	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
		A. When the cat is away, the mouse ...

14	Which of the following saying describes diminishing marginal returns in the short run?	will play B. Too many cooks spoil the broth C. A rolling stone gathers no moss D. A stitch in time saves nine
15	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
16	Laws of return apply to firms working in	A. perfect competition B. monopoly C. small firm D. all kinds of market situations
17	Economics of scale are of two kinds	A. temporary and permanent B. internal and external C. managerial and industrial D. natural and artificial
18	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
19	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
20	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