

Principles of Economics Icom Part 1 English Medium Online Test

Sr	Questions	Answers Choice
1	A firm is in equilibrium when its	<p>A. Marginal revenue is equal to marginal cost</p> <p>B. Marginal revenue is more than marginal cost</p> <p>C. Marginal revenue is less than marginal cost</p> <p>D. Marginal revenue is equal to average cost</p>
2	Firm earns maximum profit at the point where	<p>A. Difference between total costs and total revenue is highest and the total revenue curve is above</p> <p>B. Total costs and total revenue curves intersect each other</p> <p>C. Total costs curve is above the total revenue curve</p> <p>D. Difference between total costs and total revenue is minimum</p>
3	Dividing total revenue by the sold units of output, is attained	<p>A. Average revenue</p> <p>B. Marginal revenue</p> <p>C. Total revenue</p> <p>D. Average cost</p>
4	The amount of money which a firm gets by selling a particular quantity of output, is called	<p>A. Average revenue</p> <p>B. Marginal revenue</p> <p>C. Total revenue</p> <p>D. Fixed cost</p>
5	In the short period, fixed cost curve has the tendency	<p>A. Parallel to ox-axis</p> <p>B. Parallel to oy-axis</p> <p>C. Positive</p> <p>D. Negative</p>
6	Rent of the building, interest of the capital and salaries of the permanent staff etc are called	<p>A. Fixed costs</p> <p>B. Variable</p> <p>C. Marginal cost</p> <p>D. Average cost</p>
7	Price of raw material, wages of temporary labourers, transport costs etc, are called	<p>A. Fixed costs</p> <p>B. Variable costs</p> <p>C. Marginal cost</p> <p>D. Total cost</p>
8	Under monopoly average revenue curve remains _____ the marginal revenue curve	<p>A. Below</p> <p>B. Above</p> <p>C. Parallel to</p> <p>D. None of three</p>
9	Nature of inter-relationship of average revenue and marginal revenue under perfect competition is	<p>A. Average revenue remains more than marginal revenue</p> <p>B. Average revenue remains less than marginal revenue</p> <p>C. Marginal revenue remains less than average revenue</p> <p>D. Average revenue remains equal to marginal revenue</p>
10	When average cost curve is rising, then marginal cost curve	<p>A. Remains below it</p> <p>B. Remains above it</p> <p>C. Remains parallel to it</p> <p>D. Is vertical</p>
11	When average cost curve is falling, then marginal cost curve	<p>A. Remains below it</p> <p>B. Remains above it</p> <p>C. Remains parallel to it</p> <p>D. Is vertical</p>
12	The shape of average cost curve in the short period is	<p>A. Vertical</p> <p>B. Horizontal</p> <p>C. Positively sloping</p> <p>D. Like English alphabet U</p>
13	The additional cost which a firm has to bear in order to produce additional unit of output, are	<p>A. Average cost</p> <p>B. Marginal cost</p>

called

C. Fixed costs
D. Variable costs

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The costs which increase with the increase in output and decrease with the decrease in output, are called

A. Variable costs
B. Fixed costs
C. Average costs
D. Marginal cost

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The costs which the firm has to bear in every condition in the short period, are called

A. Total costs
B. Fixed costs
C. Variable costs
D. Marginal costs