Principles of Economics Icom Part 1 English Medium Chapter 7 Online Test

Sr	Questions	Answers Choice
1	When average product is maximum, marginal product is:	A. Positive B. Equal to AP C. Zero D. Negative
2	Law of increasing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Power sector
3	Law of decreasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
4	The formula of calculating total revenue is	A. P x Q B. P x AC C. AC x Q D. TC / Q
5	If the demand for commodity being produced increases, then a firm in the short run ------- its variable factors	A. Increases B. Decreases C. Keeps the same D. None of three
6	When total production decreases, marginal product is:	A. Positive B. Negative C. Zero D. Infinite
7	Under monopoly, in the long run a firm	A. Earns normal profit B. Earns abnormal profit C. Bears minimum loss D. Bears abnormal loss
8	A firm earns normal profit	A. When price of the commodity is equal to average cost B. When price of the commodity is more than average cost C. When price of the commodity is less than average cost D. When total revenue is more than total costs
9	In monopoly, when total revenue of a firm is maximum, then its marginal revenue is	A. Maximum B. Minimum C. Zero D. Negative
10	When total production increases, marginal product is:	A. Positive B. Negative C. Zero D. Infinite
11	When average product increases, marginal product is:	A. Also increases B. Decreases C. Zero D. Negative
12	To increase profit a firm minimizes	A. Revenues B. Costs C. Demand D. Supply
13	If variable costs of a firm are covered partly under perfect competition, then that firm	A. Will run with normal profit B. Will run with abnormal profit C. Will run with minimum loss D. Will not continue its business and close down
14	A monopolistic firm has control of	A. Whole market supply by one firm B. Whole market supply by two firms C. Whole market supply by a few firms

		D. None of these
15	Law of diminishing return is more applicable in:	A. Trade sector B. Industrial sector C. Agricultural sector D. Education sector
16	What can a firm do in the short run	A. Firm can increase its plants B. Firm can expand its building C. New firm can not enter the business D. New firm can enter the business
17	Under monopoly, marginal revenue is _____ of output	A. Decreasing function B. Increasing function C. Quadratic function D. Cubic function
18	Firm earns maximum profit at the point where	A. Difference between total costs and total revenue is highest and the total revenue curve is above B. Total costs and total revenue curves intersect each other C. Total costs curve is above the total revenue curve D. Difference between total costs and total revenue is minimum
19	Usually elasticity of demand in equilibrium situation under monopoly is	A. Equal than unity B. Less than unity C. more than unity D. Zero
20	A monopolist firm usually earns	A. Normal profit B. Abnormal profit C. Minimum loss D. Abnormal loss