

Competitive Exams: Economics MCQs (Practice-Test 115 of 122)

1. Which one of the following pairs is NOT correctly matched?
 - a. Revealed Preference theory—Samuelson
 - b. Indifference curve Analysis—Hicks
 - c. Cardinal Utility—Joan Robinson
 - d. Input-output Analysis—Leontief

2. Which one of the following statements is NOT correct?
 - a. Different points on an indifference curve stand for different combinations of two goods.
 - b. different points on the consumption possibility line stand for a different combination of two goods.
 - c. all points on an indifference curve stand for the same level of satisfaction.
 - d. All points on the consumption possibility line stand for the same level of satisfaction.

3. Given a consumers' utility function $U = x_1 \times x_2$ and his budget constraint $M = P_1 \times x_1 + P_2 \times x_2$, at equilibrium, the demand function for x_1 will be
 - a. N/A
 - b. N/A
 - c. N/A
 - d. N/A

4. if the demand curve is a rectangular hyperbola, then numerical elasticity of demand is equal to
 - a. 0.25
 - b. 0.75
 - c. 1.00
 - d. 0.50

5. Consider the following data: Price per kg (Rs.) = Demand for wheat (kg) 12 5 10? When the price of wheat is Rs. 10 per kg and the demand is unit-elastic, the demand for wheat in kg would be
- a. 5
 - b. 6
 - c. 10
 - d. 12
6. the elasticity of output with respect to labour is equal to one, when average product of labour is
- a. equal to the wage rate
 - b. equal to the average product of capitals
 - c. equal to its marginal product
 - d. greater than its marginal product
7. if product isoquants are drawn as straight lines, it implies that
- a. marginal rate of technical substitution (MRTS) is equal to MRTS equals the ratio of factor prices
 - b. the marginal products of the inputs equal the respect factor prices.
 - c. the marginal products of the inputs equal the respectively factor prices
 - d. MRTS is constant but not necessarily equal to 1
8. consider the following statements: At the point of equality between average product and marginal product, average product is
- a. maximum
 - b. 2 minimum
 - c. constant
 - d. rising

Which of the above statements are correct?

- a. 1 and 4
- b. 2 and 4

c. 1 and 3

d. 2 and 3

9. Given a production function with two input x_1 and x_2 and their prices r_1 and r_2 , the optimal combination of inputs is one for which

a. marginal products of x_1 and x_2 are equal

b. $MRTS_{x_1 \times 2} / MRTS_{x_2 \times 1} = r_1 / r_2$

c. $MP_{x_1} / MP_{x_2} = r_1 / r_2$

d. $MP_{x_2} / MP_{x_1} = r_1 / r_2$

10. Consider the following groups of items:

a. Factory buildings

b. Plant and machinery

c. Stocks of raw materials

d. the wage bill

Which of these are known as work capital?

a. 1 and 2

b. 3 and 4

c. 1, 2 and 3

d. 2, 3 and 4

11. Which one of the following statements is correct?

a. an employer will continue to hire units of a variable factor until marginal revenue product (MRP) becomes equal to money wages

b. an employer hires a variable factor input up to the point where diminishing returns begin to operate.

c. An employer hires a variable factor input until its marginal revenue product (MRP) becomes zero.

d. Variable factors are employed until their MRPs become equal to one another

12. Consider the following statements: For a firm to be in equilibrium

a. $MR = Mc$

- b. MC curve must cut MR curve from below at the point of equilibrium
- c. $TR = TC$

Which of the above statements are correct?

- a. 1 and 2
 - b. 1 and 3
 - c. 2 and 3
 - d. 1, 2 and 3
13. the short-run supply curve of a firm under perfect competition is the same as
- a. average variable cost curve
 - b. marginal cost curve
 - c. marginal cost curve above average variable cost curve
 - d. average total cost curve
14. when marginal cost is less than average cost, average cost is
- a. falling
 - b. rising
 - c. minimum
 - d. zero
15. In the two-inputs case, if the product isoquants are l-shaped, the inputs are
- a. perfect substitutes for each other
 - b. perfect complementary to each other
 - c. independent of each other
 - d. not predicable