Competitive Exams: Economics MCQs (Practice-Test 21 of 122)

1. A Given indifference map shows
    a. a given level of satisfaction
    b. a given pattern of tastes and preferences
    c. the average level of satisfaction
    d. All of the above
2. Assuming that the demand curve for a commodity is a downward sloping straight line, price elasticity of demand
    a. cannot be estimated
    b. decreases as price falls
    c. increases as price falls
    d. is the same at every price
3. The opportunity cost of a factor of production is
    a. what is earning in its present use.
    b. what it can earn in the long run
    c. what is can earn in the best alternative use
    d. none of the above
4. Diminishing marginal returns to a factor arise essentially because:
    a. the quantity (or quantities) of some other factor (or factors) relatively fixed.
    b. the quantities of that factors is fixed
    c. quantities of all factors is fixed
    d. there is government control on production
5. If an individual seller in a perfectly competitive market wishes to double his sales, he would.

a. improve the quality of his product

b. lower his price to half

c. simply offer double the quantity for sale

d. advertise the superiority of his product

6. For a firm in a perfectly competitive market, the average and the marginal revenue curves coincide because

a. the firm is price-taker

b. there are constant returns to scale

c. there are constant returns to some of the factors.

d. it is a condition of profit-maximisation.

7. The implication of the kinked demand curve is reflected in a discontinuity in the

a. total cost curve

b. marginal cost curve

c. total revenue curve

d. marginal revenue curve

8. Which one of the following curve is NOT U-shaped?

a. The AVC curve

b. the AFC curve

c. the AC curve the Mc curve

d. The MC curve

9. When both the firms are followers of each other in Stackelberg's Model of Duopoly, final equilibrium results in

a. joint profit maximisation

b. equal profit for both

c. Coumot solution.

d. perfectly competitive solution

10. Limit price refers to the

a. price which prevents entry of new firms

b. maximum price which the firm is allowed to charge

c. price which maximizes the profits of the firm

d. price at which film just starts earning a surplus over cost

11. For maximisation of profits, marginal revenue must be equated to marginal cost.

    a. under monopoly but not in other types of markets

    b. under perfect competition but not in other types of markets.

    c. under both perfect competition and monopoly but not in other types of markets

    d. in any type of market.

12. The concept of 'quasi-rent' means

    a. the rent of land

    b. the return to a factor of production which is fixed in supply in the short run

    c. half the rent land

    d. the return to a factor of production which is not fixed in supply

13. Which one of the following denotes the concept of marginal and in the Ricardian theory of rent?

    a. It is the poorest quality land

    b. It is no-rent land, as it produces not surplus over cost of production

    c. It is that land whose surplus determines rent of other land

    d. it is that land whose rent changes with change in the margin of cultivation.

14. According to Frank Knight profit is

    a. a part of the cost of production

    b. a reward for uncertainty bearing

    c. equal to (total Revenue-Total Costs)

    d. none of the above

15. The supply pr8ice of entrepreneurship refers to

    a. economic rent

b. normal profits

c. rent of ability

d. salaries of managers