

Examrace

Competitive Exams: Economics MCQs (Practice_Test 39 of 122)

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1. Which of the following conditions relating to the marginal revenue product of a factor tend to diminish as input of the factor increases?
- a. Technical impact of diminishing marginal returns
 - b. Diminishing rate of substitutability of a factor
 - c. Diminishing marginal utility of a factor
 - d. Tendency of the marginal revenue of the product to fall

Select the correct answer using the codes given below:

Codes:

- a. 1 and 3
 - b. 1 and 2
 - c. 2, 3 and 4
 - d. 1, 2, 3 and 4
2. Match List I with List II and select the correct answer using the codes given below the lists:

List-I	List-II
A. Increasing returns	1. Nicholas Kaldor
B. Income distribution	2. Allyn young
C. Unlimited labour supply	3. David Ricardo
D. Diminishing returns	4. Arthur Lewis

A B C D

- a. 1 4 1 3
- b. 2 1 4 3
- c. 3 4 2 1
- d. 3 1 4 2

3. Considering the Cobb-Douglas production function. $Y = AL^a K^\beta$ $a, \beta > 0$ (symbols have the usual meaning), Match List with list II and select the correct answer using the codes given below the list.

List-I	List-II
A. Increasing returns to scale	1. $a + \beta = 1$
B. Decreasing returns to scale	2. $a + \beta > 1$
C. Constant returns to scale	3. $a + \beta < 1$
D. Diminishing returns to factors	4. $a, \beta < 1$

A B C D

- a. 2 3 1 4
- b. 2 3 4 1
- c. 3 2 4 1
- d. 3 2 1 4

4. For commodity X, the market demand given by $Q_x = 25 - 2P$ and its market supply by $Q_x = 3P$. The equilibrium price (P) and quantity (Q) will be respectively

- a. 5 and 15
- b. 5 and 19
- c. 3 and 15
- d. 3 and 19

5. Which of the following conditions denote the equilibrium of a firm under monopsony in factor market and perfect competition in the product market?
- marginal factor cost is equal to average factor cost.
 - marginal factor cost is greater than average factor cost.
 - marginal factor cost is equal to marginal revenue product.

Select the correct answer using the codes given below:

Codes:

- 1 and 3
 - 2 and 3
 - 2 and 4
 - 1 and 4
6. Which one of the following figures shows the correct relationship between AR and MR (x axis-quantity, y axis-AR and MR)?
7. Which one of the following is an example of join supply?
- Wool and mutton
 - Diesel and bus
 - Ink and fountain pen
 - Sugar and tea.
8. The degree of monopoly power as defined by Rothschild is based on
- price elasticity of demand
 - price cross-elasticity of dream
 - slope of the demand curve of a firm and of industry
 - super-normal profit
9. Which one of the following DOES NOT represent the Lerner's measure of the degree of monopoly power (symbols have the usual meaning)?
- $1 - (MR/P)$
 - $(P - MC)/P$
 - $1/e$
 - $1 - (1 - e)/e$

o. Match List I with List II and select the correct answer using the codes given below the lists:

List-I	List-II
A. Sales revenue maximisation	1. Cyert and March
B. Entry-prevention pricing	2. Baumol
C. Managerial discretion	3. Bain
	4. Williamson

 A B C

- a. 2 3 4
- b. 2 1 3
- c. 3 4 2
- d. 4 1 3
11. On comparing the equilibrium position of a monopsonist with a producer in a perfectly competitive market, one would find that under perfect competition, the price is
- higher and the output is smaller for a monopsonist than for the producer
 - lower and the output is larger for the monopsonist than for the producer
 - lower and the output is also smaller for the monopsonist than for the producer
 - higher and the output is also larger for the monopsonist than for the producer.
12. Full-cost pricing is applicable to
- multi-product, single-process, singlemarket case
 - single-product, single-process, singlemarket case
 - multi-product, multi-process, singlemarket case
 - Single-product, multi-process, multimarket case
13. Modern theory of rent as expounded by Joan Robinson states that rent is the difference between the actual payment for the use of land and its
- monopoly earnings

- b. transfer earnings
 - c. marginal earnings
 - d. average earnings
14. Which one of the following is M. Kalecky theory of macro-distribution?
- a. Full-cost factor pricing theory
 - b. Theory of labour share in the nation income
 - c. Theory to measure the degree of monopoly in factor pricing
 - d. Theory of capitalist's share in the total turnover
15. In his adding up theorem Euler assumes that elasticity of substitution
- a. equal to zero
 - b. greater than zero but less than one
 - c. equal to one
 - d. greater than one

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