

MCQ'S

B.A First Year (Semester II) Economics

Paper 103 – Price Theory Production Function

Unit I:

- 1) Production function shows functional relation between input and _____ (output).
- 2) There are _____ stages in the law of variable proportions. (3)
- 3) _____ refers to a change in output in response to a specific change in the proportions of all the inputs. (Laws of Returns to Scale)
- 4) A situation in which increase in all the inputs, in a specific property on output increases more than proportionality is called _____ (Increasing Returns)
- 5) A situation in which with increase in all inputs, in a specific property on output increases more than proportionality is called _____ (Constant Returns to Scale)
- 6) _____ is the graphical presentation of the various combinations of two inputs which produce the same output _____ (Isoquant)
- 7) _____ is the laws of various points of optional input combination shown in an isoquant map. (Expansion Path)
- 8) The economies which occur to a particular firm only when it grows in size are called _____ (Internal economies)
- 9) Economies which occur to all the firms in an industry/ region from outside is called _____ (External economies)
- 10) Production means the creation of _____

Unit II:

- 1) Total cost is a sum of _____ and _____ (TPC, TVC). 2) Costs of raw material, wages, transport are included in _____
- 3) Average Total Cost is calculated (VC) by dividing the _____ by output.
- 4) _____ is the addition to total cost due to the additional unit produced. (MC) 5) In the _____ run all the factors of production are variable. (Long)
- 6) In the _____ run only variable factors can be changed. (Short)
- 7) The traditional Average cost curves _____ shaped. (U)
- 8) According to modern theory the long run cost curve is _____ shaped. (L) 9) Raw materials, fuel etc. are included in _____ capital. (Variable)
- 10) Fixed equipment, buildings are included in _____ capital. (Fixed)

Unit III:

- 1) _____ is a condition of market in which there exist very large number of buyers and sellers of a homogeneous product. (Perfect Comp)
- 2) Equilibrium price is determined by _____ under perfect competition. (Market d & s)
- 3) _____ is a condition of market in which there exists only one seller of a homogeneous commodity having control over price.
- 4) Charging different prices for different groups of buyers by the monopolist is called _____
- 5) _____ is a market in which there exist many sellers of a differentiated but close substitute products (Monopolistic Competition)
- 6) _____ differentiation is a feature of _____ market condition (Monopolistic Competition)
- 7) _____ is the cost incurred by a seller under monopolistic competition for creating demand for his product through product differentiation. (Selling cost)
- 8) The revenue curve under monopolistic competition slopes _____ (downwards)
- 9) _____ is a market in which there exist few sellers of a homogeneous or differentiated but close substitute products having control over price. (Oligopoly) 10) The concept of imperfect competition was advocated by _____ (Chamberlin)

Unit IV:

- 1) The demand for Factors of Production is _____ demand (derived) 2) The reward for capital as a factor of production is called _____ (Interest)
- 3) The addition made to the total output by an additional unit is called _____ (Marginal Productivity)
- 4) According to Ricardo _____ is that position of the produce of the earth which is paid to the land lord for the use of the original and indestructible power of the soil (Rent)
- 5) _____ is a surplus which accrues to those specific factors the supply of which remains constant over a period of time.
- 6) The concept of quasi-rent was advocated by _____ (Marshall)
- 7) _____ of a factor is its earning in the next best paid alternative employment (Transfer Earning)
- 8) The reward for labour as a factor of production is called _____ (Wages)
- 9) Liquidity Preference Theory of Profit interest was advocated by _____ (J.M Keynes) 10) Innovation Theory of Profit was advocated by _____ (Schumpeter)
- 11) Risk Bearing Theory of Profit was advocated by _____
- 12) Dynamic Theory of Profit was advocated by _____
- 13) Total Revenue – Explicit cost is called _____ (Gross Profit)