

MICROECONOMICS



Instructions:

Choose the most appropriate answer for the given question.

To generate a new set of questions, click on 'Print'.

QUESTION-1

In the....., a firm can increase output only by increasing its use of a.....

- a) Short run, fixed factor
- b) Short run, fixed and variable factor
- c) Short run, variable factor
- d) Long run, fixed factor

Answer:::

QUESTION-2

With a downward-sloping demand curve, price and quantity demanded move in....., so the price elasticity of demand is always

- a) opposite directions, positive
- b) same directions, negative
- c) same directions, positive
- d) opposite directions, negative

Answer:::

QUESTION-3

Which of the following statements is incorrect

- a) Marginal product is the slope of the total product curve
- b) Marginal product rises as the slope of the total product curve increases
- c) Marginal product falls as the slope of the total product curve declines
- d) Marginal product reaches zero when the total product curve achieves its minimum value

Answer:::

QUESTION-4

Consider a demand curve for public transit rides. Suppose at point A on the demand curve, the price is USD 0.80, and the quantity demanded is 40,000 rides per day. Now suppose the price falls to USD 0.70 at point B. What should be the quantity demanded at point B if the price elasticity of demand between points A and B is -3

- a) 40,000 rides per day
- b) 60,000 rides per day
- c) 20,000 rides per day
- d) 50,000 rides per day

Answer:::

QUESTION-5

When marginal cost is short-run average total cost or average variable cost, these average cost curves slope upward

- a) Above, downward
- b) Above, westward
- c) Below, upward
- d) Above, upward

Answer:::

QUESTION-6

Suppose that a firm's marginal product of labor is 12 and the price of labor is USD 3 per unit. The marginal benefit of the factor is

- a) 12
- b) 36
- c) 4
- d) 3

Answer:::

QUESTION-7

When marginal cost isaverage total cost or average variable cost, the average total and average variable cost curves slope

- a) Below, downward
- b) Above, westward
- c) Above, downward
- d) Below, upward

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Answer:::

QUESTION-8

Which of the following statements is correct

- a) As the consumer buys more of good X and less of good Y, however, the total utility of good X will fall and the marginal utility of good Y will rise
- b) As the consumer buys more of good X and less of good Y, however, the marginal utility of good X will fall and the marginal utility of good Y will rise
- c) As the consumer buys more of good X and less of good Y, however, the marginal utility of good Y will fall and the marginal utility of good X will rise
- d) As the consumer buys more of good X and less of good Y, however, the total utility of good X will rise and the marginal utility of good Y will fall

Answer:::

QUESTION-9

Marginal utility is the amount by whichrises with consumption of an additional unit of a good, service, or activity, all other things unchanged

- a) Total marginal utility
- b) Average marginal Utility

c) Average utility

d) Total utility

Answer:::

QUESTION-10

.....is total cost divided by quantity

a) Marginal cost

b) Variable cost

c) Total cost

d) Average total cost

Answer:::

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----Answer Sheet----

1) Short run, variable factor

2) opposite directions, negative

3) Marginal product reaches zero when the total product curve achieves its minimum value

4) 60,000 rides per day

5) Above, upward

6) 4

7) Below, downward

8) As the consumer buys more of good X and less of good Y, however, the marginal utility of good X will fall and the marginal utility of good Y will rise

9) Total utility

10) Average total cost

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