



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Answerkey 53

**Sub: Economics**

**Class: XII**

**Chapter 13: Pricing in the factor market**

**F.M.: 15**

**Topic: Theory of Wages and Interest**

**Date: 21/11/2020**

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### Multiple choice questions

**1x15 = 15**

1. Wages can be of \_\_\_\_\_ types.

- a. Two,
- b. Three,
- c. Four,
- d. Five.

Ans: a. Two.

2. Money wages are always expressed in terms of \_\_\_\_\_.

- a. Price,
- b. Money,
- c. Quantity,
- d. Kind.

Ans: b. Money.

3. When \_\_\_\_\_ wage increases then standard of living will improve.

- a. Money,
- b. Standard,
- c. Real,
- d. Full.

Ans: c. Real.

4. Wage rate is determined by the \_\_\_\_\_ productivity of labour.

- a. Average,
- b. Total,
- c. Full,
- d. Marginal.

Ans: d. Marginal.

5. In the marginal productivity theory of wages it is assumed that \_\_\_\_\_ prevails in labour market.

- a. Perfect competition,
- b. Monopoly,
- c. Oligopoly,

d. Duopoly.

Ans: a. Perfect competition.

6. In the marginal productivity theory of wages it is assumed that labour is perfectly \_\_\_\_\_.

- a. Elastic,
- b. Mobile,
- c. Inelastic,
- d. Immobile.

Ans: b. Mobile.

7. In the marginal productivity theory of wages it is assumed that there exists \_\_\_\_\_ between labour and other inputs.

- a. Compatibility,
- b. Comparability,
- c. Substitutability,
- d. Complementarity.

Ans: c. Substitutability.

8. In the marginal productivity theory of wages it is assumed that labour is \_\_\_\_\_.

- a. Heterogeneous,
- b. Different,
- c. Expert,
- d. Homogeneous.

Ans: d. Homogeneous.

9. In the marginal productivity theory of wages it is assumed that labour is perfectly \_\_\_\_\_.

- a. Divisible,
- b. Indivisible,
- c. Elastic,
- d. Inelastic.

Ans: a. Divisible.

10. The objective of the firm is \_\_\_\_\_ maximisation.

- a. Sales,
- b. Profit,
- c. Quantity,
- d. Revenue.

Ans: b. Profit.

11. Labour supply curve is \_\_\_\_\_.

- a. Upward rising,
- b. Horizontal,
- c. Backward bending,

d. Vertical.

Ans: c. Backward bending.

12. Keynesian theory of interest rate determination is known as \_\_\_\_\_ preference.

- a. Pure,
- b. Perfect,
- c. Asset,
- d. Liquidity.

Ans: d. Liquidity.

13. Transaction demand for money is function of \_\_\_\_\_.

- a. Income,
- b. Interest,
- c. Sales,
- d. Revenue.

Ans: a. Income.

14. \_\_\_\_\_ demand for money is function of rate of interest.

- a. Transaction,
- b. Precautionary,
- c. Speculative,
- d. Special.

Ans: c. Speculative.

15. In Keynesian theory of interest rate, money supply is \_\_\_\_\_.

- a. Vertical,
- b. Horizontal,
- c. Zero,
- d. Infinite.

Ans: a. Vertical.

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