



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Worksheet 30

Sub: Economics Class: XII

Chapter 05: Theory of Cost F.M.: 15

Topic: Derivation of Long run cost

Date: 06/07/2020

Multiple choice questions

1x15 = 15

1. Long run average cost curve is also known as _____.
 - a. Variable curve,
 - b. Post card curve,
 - c. Planning curve,
 - d. Lorenz curve.
2. At long run all costs are _____.
 - a. Variable,
 - b. Fixed,
 - c. Zero,
 - d. Equal.
3. Long run price is also known as _____ price.
 - a. Market,
 - b. Normal,
 - c. Retail,
 - d. Wholesale.
4. Long run is the sum total of all _____ costs.
 - a. Types,
 - b. Imputed,
 - c. Opportunity,
 - d. Short run.
5. In long run, which of the following remain constant?
 - a. Number of firm in the industry,
 - b. Input price,
 - c. Level of output,
 - d. Amount of profit.
6. LAC curve will be _____.
 - a. Downward sloping,
 - b. Horizontal,
 - c. Flatter U shaped,
 - d. Upward rising.

7. The long run LMC curve will be _____.
a. Downward sloping,
b. Upward rising,
c. U shaped,
d. S shaped.
8. When LAC is minimum then _____.
a. $LMC > LAC$,
b. $LMC = LAC$,
c. $LMC < LAC$,
d. None of these.
9. The curve which is obtained from the envelope of the short run curves is _____.
a. LAC,
b. LMC,
c. AC,
d. AVC.
10. At the minimum point of LAC curve _____ level of production is possible.
a. Optimum,
b. Minimum,
c. Maximum,
d. Zero.
11. In the long run as production rises, initially there will be _____ returns to scale.
a. Increasing,
b. Decreasing,
c. Constant,
d. Negative.
12. Long run cost curve is known as _____ curve.
a. Focused,
b. Digital,
c. Envelope,
d. Smooth.
13. Long run AC and MC curves are _____ than short run AC and MC curves.
a. Steeper,
b. Flatter,
c. Less,
d. More.
14. LMC is not the _____ of the SMC curves.
a. Summation,
b. Derivation,
c. Outcome,
d. Envelope.

15. Optimum level of production occurs at the minimum point of _____ curve.

- a. AC,
- b. LAC,
- c. AFC,
- d. MC.

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