



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Answerkey 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.

Ans: c. Planning curve.

2. At long run all costs are _____.
 - a. Variable,
 - b. Fixed,
 - c. Zero,
 - d. Equal.

Ans: a. Variable.

3. Long run price is also known as _____ price.
 - a. Market,
 - b. Normal,
 - c. Retail,
 - d. Wholesale.

Ans: b. Normal.

4. Long run is the sum total of all _____ costs.
 - a. Types,
 - b. Imputed,
 - c. Opportunity,
 - d. Short run.

Ans: 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.

Ans: a. Number of firm in the industry.

6. LAC curve will be _____.

- a. Downward sloping,
- b. Horizontal,
- c. Flatter U shaped,
- d. Upward rising.

Ans: c. Flatter U shaped.

7. The long run LMC curve will be _____.

- a. Downward sloping,
- b. Upward rising,
- c. U shaped,
- d. S shaped.

Ans: c. U shaped.

8. When LAC is minimum then _____.

- a. $LMC > LAC$,
- b. $LMC = LAC$,
- c. $LMC < LAC$,
- d. None of these.

Ans: b. $LAC = LMC$.

9. The curve which is obtained from the envelope of the short run curves is _____.

- a. LAC,
- b. LMC,
- c. AC,
- d. AVC.

Ans: a. LAC.

10. At the minimum point of LAC curve _____ level of production is possible.

- a. Optimum,
- b. Minimum,
- c. Maximum,
- d. Zero.

Ans: a. Optimum.

11. In the long run as production rises, initially there will be _____ returns to scale.

- a. Increasing,
- b. Decreasing,
- c. Constant,
- d. Negative.

Ans: a. Increasing.

12. Long run cost curve is known as _____ curve.

- a. Focused,
- b. Digital,
- c. Envelope,

d. Smooth.

Ans: c. Envelope.

13. Long run AC and MC curves are _____ than short run AC and MC curves.

a. Steeper,

b. Flatter,

c. Less,

d. More.

Ans: b. Flatter.

14. LMC is not the _____ of the SMC curves.

a. Summation,

b. Derivation,

c. Outcome,

d. Envelope.

Ans: d. Envelope.

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

a. AC,

b. LAC,

c. AFC,

d. MC.

Ans: b. LAC.

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