



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Answerkey 25

Sub: Economics Class: XII

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

Topic: Concept of cost of production

And factors determining it Date: 29/06/2020

Multiple choice questions

1x15 = 15

1. The cost of production expressed in terms of money is known as _____.
 - a. Money cost,
 - b. Cost,
 - c. Real cost,
 - d. Imputed cost.

Ans: a. Money cost.
2. The costs of factors of production owned by the entrepreneur are known as _____.
 - a. Cost of production,
 - b. Imputed cost,
 - c. Money cost,
 - d. Average cost.

Ans: b. Imputed cost.
3. At long run all costs are _____.
 - a. Fixed,
 - b. Variable,
 - c. Both a) and b),
 - d. None of these.

Ans: b. Variable.
4. _____ cannot be measured in terms of money.
 - a. Money cost,
 - b. Cost,
 - c. Real cost,
 - d. Imputed cost.

Ans: c. Real cost.
5. The amount of _____ involved in supplying different factors of production is the real cost of production.
 - a. Cost,
 - b. Sacrifice,
 - c. Sale,
 - d. None of these.

Ans: b. Sacrifice.

6. The earning of a factor of production from an alternative use is known as _____ cost.

- a. Real,
- b. Money,
- c. Opportunity,
- d. Imputed.

Ans: c. Opportunity.

7. The cost of production depends on the amount of _____ used.

- a. Output,
- b. Input,
- c. Raw material,
- d. Sacrificed.

Ans: b. Input.

8. The relation between cost involved and output produced is known as _____.

- a. Production function,
- b. Revenue function,
- c. Cost function,
- d. Profit.

Ans: c. Cost function.

9. Earning in next best alternative use is known as _____.

- a. Cost,
- b. Revenue,
- c. Real cost,
- d. Opportunity cost.

Ans: d. Opportunity cost.

10. Cost of production depends on the _____ of the inputs.

- a. Increase,
- b. Decrease,
- c. Efficiency,
- d. Use.

Ans: c. Efficiency.

11. Money cost depends on the _____ of factors of production.

- a. Prices,
- b. Availability,
- c. Chances,
- d. None of these.

Ans: a. Prices.

12. If traditional techniques are used in the production process then cost of production _____.

- a. Decreases,
- b. Increases,
- c. Constant,
- d. All of above.

Ans: b. Increases.

13. If the government increases the excise duty, then cost of production will _____.

- a. Increases,
- b. Zero,
- c. Decrease,
- d. Constant.

Ans: c. Decrease.

14. If prices of factors of production decrease, then total cost of production _____.

- a. Increases,
- b. Zero,
- c. Same,
- d. Decreases.

Ans: d. Decreases.

15. When the wage rate and raw materials price increases then cost of production _____.

- a. Increases,
- b. Decreases,
- c. Zero,
- d. Unchanged.

Ans: a. Increases.