



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Answerkey 34

Sub: Economics Class: XII

Chapter 07: Profit Maximisation F.M.: 15

Topic: Differences between Profit and other factor income

And Profit maximisation hypothesis

Date: 10/07/2020

Multiple choice questions

1x15 = 15

1. Profit is a _____ income.

- a. Contractual,
- b. Residual,
- c. Implicit,
- d. Explicit.

Ans: b. Residual.

2. Profit is a mixed and _____ income.

- a. Net,
- b. Gross,
- c. Vexed,
- d. Total.

Ans: c. Vexed.

3. Profit can be zero or _____.

- a. Negative,
- b. Positive,
- c. Greater than one.
- d. Less than one.

Ans: a. Negative.

4. Profit is the reward for _____ taking.

- a. Risk,
- b. Production,
- c. Price,
- d. Sale.

Ans: a. Risk.

5. Profit can change _____.

- a. Slowly,
- b. Negatively,
- c. Diminishingly,
- d. Rapidly.

Ans: d. Rapidly.

6. The difference between total revenue and total cost is known as _____.
a. Profit,
b. Price,
c. Loss,
d. Average revenue.

Ans: a. Profit.

7. _____ is the income of the organizer.
a. Marginal revenue,
b. Profit,
c. Average revenue,
d. Price.

Ans: b. Profit.

8. In case profit _____ element is highest.
a. Price,
b. Cost,
c. Risk,
d. Revenue.

Ans: c. Risk.

9. Profit can arise as a result of _____.
a. Production,
b. Sale,
c. Marketing,
d. Innovation.

Ans: d. Innovation.

10. Profit is not included in _____.
a. Cost of production,
b. Sales,
c. Marketing,
d. Revenue.

Ans: a. Cost of production.

11. If the entrepreneur enjoys _____ power in the market, he can earn excess profit.
a. Monopoly,
b. Will,
c. Sales,
d. Marketing.

Ans: a. Monopoly.

12. The necessary condition of profit maximization is _____.
a. $AR=AC$,
b. $MR=AR$,

- c. $MR=MC$,
- d. $MR=AC$.

Ans: c. $MR=MC$.

13. Windfall gain means _____profit.

- a. Net,
- b. Gross,
- c. Zero,
- d. Unexpected.

Ans: d. Unexpected.

14. The goal of the business firm is to maximize_____.

- a. Cost,
- b. Profit,
- c. Sale,
- d. Price.

Ans: b. Profit.

15. Without _____profit the entrepreneur will not come forward to undertake the production process.

- a. Normal,
- b. Excess,
- c. Sufficient,
- d. Highest.

Ans: a. Normal.

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