



# St. Lawrence High School

*A Jesuit Christian Minority Institution*



## Answerkey 18

**Sub: Economics**

**Class: XII**

**Chapter 04: Theory of production**

**F.M.: 15**

**Topic: Three stages in production**

**Date: 11/06/2020**

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### Multiple choice questions

**1x15 = 15**

1. In production process, the concept of three stages was introduced by\_\_\_\_\_.
  - a. Marshall,
  - b. Keynes,
  - c. Cassels,
  - d. Kalecki.

**Ans:** c. Cassels.

2. There are \_\_\_\_\_stages in the production process..
  - a. Five,
  - b. Three,
  - c. Two,
  - d. Four.

**Ans:** b. Three.

3. When the AP reaches its maximum then \_\_\_\_\_stage ends in the production process.
  - a. First,
  - b. Second,
  - c. Third,
  - d. All of above.

**Ans:** a. First.

4. In the first stage of the production process MP is \_\_\_\_\_than AP.
  - a. Less,
  - b. Equal,
  - c. Half,
  - d. More.

**Ans:** d. More.

5. Second stage ends where MP is \_\_\_\_\_.
  - a. Zero,
  - b. Positive,
  - c. One,
  - d. Negative.

**Ans:** a. Zero.

6. The second stage will not be applicable when \_\_\_\_\_ increases..

- a. TP,
- b. MP,
- c. AP,
- d. MR.

**Ans:** c. AP.

7. In production the first stage is known as \_\_\_\_\_.

- a. Stage of increasing return,
- b. Stage of diminishing return,
- c. Stage of fixed return,
- d. Stage of negative return.

**Ans:** a. Stage of increasing return.

8. The stage of diminishing returns refers to \_\_\_\_\_ in average product.

- a. Increase,
- b. Decrease,
- c. Constant,
- d. Change.

**Ans:** b. Decrease.

9. If the total product curve is downward sloping then it is known as \_\_\_\_\_ stage.

- a. Increasing returns,
- b. Diminishing returns,
- c. Constant returns,
- d. Negative returns.

**Ans:** d. Negative returns.

10. When AP and MP both are diminishing then this stage is known as \_\_\_\_\_.

- a. Increasing returns,
- b. Diminishing returns,
- c. Constant returns,
- d. Negative returns.

**Ans:** b. Diminishing returns.

11. If MP is negative in the production process then it is known as \_\_\_\_\_.

- a. Increasing returns,
- b. Diminishing returns,
- c. Negative returns,
- d. Average returns.

**Ans:** c. Negative returns

12. A rational producer will always operate in the \_\_\_\_\_ stage.

- a. Initial,
- b. First,

- c. Third,
- d. Second.

**Ans:** d. Second.

13. For increasing returns MP changes in the \_\_\_\_\_proportion as AP increases.

- a. Same,
- b. Less than,
- c. More than,
- d. Fixed.

**Ans:** c. More than.

14. Uneconomic region refers to \_\_\_\_\_ and \_\_\_\_\_stage.

- a. Third and fourth,
- b. First and third,
- c. Second and third,
- d. First and second.

**Ans:** b. First and third

15. The economic region is applicable only in the \_\_\_\_\_.

- a. First stage,
- b. Third stage,
- c. Second stage,
- d. Initial stage.

**Ans:** c. Second stage.

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