



# St. Lawrence High School

*A Jesuit Christian Minority Institution*



## Answerkey 26

**Sub: Economics**

**Class: XII**

**Chapter 05: Theory of Cost**

**F.M.: 15**

**Topic: Concept of fixed cost, variable cost**

**And total cost**

**Date: 30/06/2020**

### Multiple choice questions

**1x15 = 15**

1. The cost of production which is independent of output level is known as \_\_\_\_\_.

- a. Money cost,
- b. Fixed cost,
- c. Variable cost,
- d. Imputed cost.

**Ans:** b. Fixed cost.

2. The cost which depends on the output level is known as \_\_\_\_\_.

- a. Variable cost,
- b. Imputed cost,
- c. Money cost,
- d. Fixed cost.

**Ans:** a. Variable 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. \_\_\_\_\_ curve cannot be start from the origin.

- a. Money cost,
- b. Total cost,
- c. Real cost,
- d. Imputed cost.

**Ans:** b. Total cost.

5. The amount of insurance premium is the example of \_\_\_\_\_ cost.

- a. Fixed cost,
- b. Selling cost,
- c. Variable cost,
- d. None of these.

**Ans:** a. Fixed cost.

6. The earning of a casual worker is known as \_\_\_\_\_ cost.

- a. Real ,
- b. Fixed,
- c. Opportunity,
- d. Variable.

**Ans:** d. Variable.

7. The total cost of production depends on the amount of \_\_\_\_\_ input used.

- a. Fixed,
- b. Fuel,
- c. Fixed and variable,
- d. Variable.

**Ans:** c. Fixed and variable.

8. Total cost is the sum total of total \_\_\_\_\_ cost and total variable cost.

- a. Fixed,
- b. Real,
- c. Imputed,
- d. Profit.

**Ans:** a. Fixed.

9. TFC curve is parallel to \_\_\_\_\_ axis.

- a. Vertical,
- b. Revenue,
- c. Horizontal,
- d. Cost.

**Ans:** c. Horizontal.

10. Shape of total cost curve depends on the shape of the \_\_\_\_\_ curve.

- a. TFC,
- b. TVC,
- c. AC,
- d. AVC.

**Ans:** b. TVC.

11. The difference between fixed cost and variable cost is applicable only in \_\_\_\_\_.

- a. Short run,
- b. Long run,
- c. Chances,
- d. None of these.

**Ans:** a. Short run.

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. The vertical difference between the TC curve and TVC curve \_\_\_\_\_.

- a. Continuously increases,
- b. Zero,
- c. Continuously decreases,
- d. Remain the same.

**Ans:** d. Remain the same.

14. If output increases then total fixed cost will \_\_\_\_\_.

- a. Increase,
- b. Zero,
- c. Remain same,
- d. Decrease

**Ans:** c. Remain same.

15. When the wage rate and raw materials price increases then variable cost of production \_\_\_\_\_.

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

**Ans:** a. Increases.

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