



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Answerkey 33

**Sub: Economics Class: XII**

**Chapter 07: Profit Maximisation F.M.: 15**

**Topic: Concept of Gross profit, Net profit**

**And Elements of profit**

**Date: 09/07/2020**

### Multiple choice questions

**1x15 = 15**

1. The difference between total revenue and total cost is known as \_\_\_\_\_.
  - a. Profit,
  - b. Price,
  - c. Loss,
  - d. Average revenue.

**Ans: a. Profit.**

2. If gross profit is less than implicit earning, net profit is \_\_\_\_\_.
  - a. Positive,
  - b. Negative,
  - c. Zero,
  - d. Maximum.

**Ans: b. Negative.**

3. Profit is a mixed and \_\_\_\_\_ income.
  - a. Net,
  - b. Gross,
  - c. Vexed,
  - d. Total.

**Ans: c. Vexed.**

4. Profit is the reward for \_\_\_\_\_ taking.
  - a. Risk,
  - b. Production,
  - c. Price,
  - d. Sale.

**Ans: a. Risk.**

5. \_\_\_\_\_ is the income of the organizer.
  - a. Marginal revenue,
  - b. Profit,
  - c. Average revenue,
  - d. Price.

**Ans: b. Profit.**

6. Gross profit is the difference between total revenue and total \_\_\_\_\_ cost.
- a. Average cost,
  - b. Marginal cost,
  - c. Contractual cost,
  - d. Explicit cost.
- Ans:** c. Contractual cost.
7. If from gross profit we deduct the payments to be made on account of factors of production supplied by the entrepreneur, we can get \_\_\_\_\_.
- a. Total cost,
  - b. Total revenue,
  - c. Total profit,
  - d. Net profit.
- Ans:** d. Net profit.
8. If gross profit is greater than implicit earning, net profit is \_\_\_\_\_.
- a. Positive,
  - b. Negative,
  - c. Zero,
  - d. Maximum.
- Ans:** a. Positive.
9. Prof. \_\_\_\_\_ said profit is the reward for risk taking.
- a. Taussig,
  - b. Marshall,
  - c. Knight,
  - d. Smith.
- Ans:** c. Knight.
10. Profit can arise as a result of \_\_\_\_\_.
- a. Production,
  - b. Sale,
  - c. Marketing,
  - d. Innovation.
- Ans:** d. Innovation.
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. Firm can increase its net profit through \_\_\_\_\_.
- a. Sale,

- b. Product differentiation,
- c. Marketing,
- d. Managers.

**Ans:** b. Product differentiation.

13. Windfall gain means \_\_\_\_\_profit.

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

**Ans:** d. Unexpected.

14. Profit is the result of innovation said by prof.\_\_\_\_\_.

- a. Marshall,
- b. Knight,
- c. Schumpeter,
- d. Keynes.

**Ans:** c. Schumpeter.

15. Prof. \_\_\_\_\_said profit is a mixed and vexed income.

- a. Taussig,
- b. Marshall,
- c. Knight,
- d. Keynes.

**Ans:** a. Taussig.

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