ST. LAWRENCE HIGH SCHOOL
A Jesuit Christian Minority Institution

Worksheet 28

Sub: Economics   **Class: XII**

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

Topic: Concept of Average cost and Marginal cost   **Date: 02/07/2020**

Multiple choice questions   **1x15 = 15**

1. At the lowest point of the AC curve
    a. AC<MC,
    b. AC=MC,
    c. AC>MC,
    d. AC=0.
2. In the short run AC will be_____.
    a. U shaped,
    b. Upward rising,
    c. Downward sloping,
    d. Concave.
3. AFC curve will be _____.
    a. Downward sloping,
    b. Horizontal,
    c. U shaped,
    d. Upward rising.
4. In the short run MC will be_____.
    a. U shaped,
    b. Upward rising,
    c. Downward sloping,
    d. Concave.
5. The short run AVC curve will be _____.
    a. Downward sloping,
    b. Upward rising,
    c. U shaped,
    d. S shaped.
6. When MC<AC, AC will be_____.
    a. Downward sloping,
    b. Upward rising,
    c. Fixed,
    d. None of these.

7. Which curve is a rectangular hyperbola in shape?
   a. AVC,
   b. AFC,
   c. AC,
   d. MC.
8. Total cost per unit of output is known as _____.
   a. MC,
   b. TC,
   c. TFC,
   d. AC.
9. When average cost increases marginal cost_____.
   a. Increases,
   b. Decreases,
   c. Is higher than AC,
   d. Is lower than AC.
10. As output level increases the AFC _____.
   a. Increases,
   b. Decreases,
   c. Remain constant,
   d. U shaped.
11. When AVC is minimum then _____.
   a. AVC=MC,
   b. AVC>MC,
   c. AVC<MC,
   d. AVC=AC.
12. Both AVC and AC first decrease and then _____.
   a. Increase,
   b. Negative,
   c. Positive,
   d. None of these.
13. Cost of producing one extra unit of output is known as _____.
   a. AC,
   b. AVC,
   c. AFC,
   d. MC.
14. By adding AFC and AVC vertically we get _____curve.
   a. MC,
   b. TC,
   c. AC,
   d. TVC.

15. Among AC, MC, AVC, minimum point of _____ curve will come first.
    a. AC,
    b. MC,
    c. AVC,
    d. None of these.

Debaleena Ganguly.
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