



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Worksheet 25

Sub: Economics Class: XII

Chapter 04: Theory of Cost F.M.: 15

Topic: Concept of cost of production

And factors determining of it Date: 29/06/2020

Multiple choice questions

1x15 = 15

1. The cost of production expressed in terms of money is known as _____.
 - a. Money cost,
 - b. Cost,
 - c. Real cost,
 - d. Imputed cost.
2. The costs of factors of production owned by the entrepreneur are known as _____.
 - a. Cost of production,
 - b. Imputed cost,
 - c. Money cost,
 - d. Average cost.
3. At long run all costs are _____.
 - a. Fixed,
 - b. Variable,
 - c. Both a) and b),
 - d. None of these.
4. _____ cannot be measured in terms of money.
 - a. Money cost,
 - b. Cost,
 - c. Real cost,
 - d. Imputed cost.
5. The amount of _____ involved in supplying different factors of production is the real cost of production.
 - a. Cost,
 - b. Sacrifice,
 - c. Sale,
 - d. None of these.
6. The earning of a factor of production from an alternative use is known as _____ cost.
 - a. Real ,
 - b. Money,

- c. Opportunity,
 - d. Imputed.
7. The cost of production depends on the amount of _____ used.
- a. Output,
 - b. Input,
 - c. Raw material,
 - d. Sacrificed.
8. The relation between cost involved and output produced is known as _____.
- a. Production function,
 - b. Revenue function,
 - c. Cost function,
 - d. Profit.
9. Earning in next best alternative use is known as _____.
- a. Cost,
 - b. Revenue,
 - c. Real cost,
 - d. Opportunity cost.
10. Cost of production depends on the _____ of the inputs.
- a. Increase,
 - b. Decrease,
 - c. Efficiency,
 - d. Use.
11. Money cost depends on the _____ of factors of production.
- a. Prices,
 - b. Availability,
 - c. Chances,
 - d. None of these.
12. If traditional techniques are used in the production process then cost of production _____.
- a. Decreases,
 - b. Increases,
 - c. Constant,
 - d. All of above.
13. If the government increases the excise duty, then cost of production will _____.
- a. Increases,
 - b. Zero,
 - c. Decrease,
 - d. Constant.
14. If prices of factors of production decrease, then total cost of production _____.

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

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

_____.

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

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