



St. Lawrence High School

A Jesuit Christian Minority Institution



Answerkey 24

Sub: Economics

Class: XII

Chapter 04: Theory of Production

F.M.: 15

Topic: Revision of entire chapter

Date: 18/06/2020

Multiple choice questions

1x15 = 15

1. The relation between input employed and output produced is known as _____ function.
 - a. Technical,
 - b. Cost,
 - c. Demand,
 - d. Production.

Ans: d. Production.

2. Change in total product due to change in one extra unit of labour employment is known as _____.
 - a. Change in production,
 - b. Change in labour,
 - c. Marginal product,
 - d. Average product.

Ans: c. Marginal product.

3. The ratio of total product to the total input employed is known as _____.
 - a. Average product,
 - b. Total product,
 - c. Marginal product,
 - d. Production function.

Ans: a. Average product.

4. At first total product increases at an _____ rate.
 - a. Increasing,
 - b. Decreasing,
 - c. Constant,
 - d. All of above.

Ans: a. Increasing.

5. When average product increases, marginal product is _____ than average product.
 - a. Less,
 - b. Greater,
 - c. Smaller,

d. None of these.

Ans: b. Greater.

6. When total product is maximum, marginal product is _____.

a. Zero,

b. Four,

c. Two,

d. Three.

Ans: a. Zero.

7. The law relating to the effects of varying the inputs used by the firm is known as _____.

a. Law of constant return,

b. Law of variable proportion,

c. Law of diminishing marginal utility,

d. Law of diminishing marginal rate of substitution.

Ans: b. Law of variable proportion.

8. The relation between the change in the output level and the change in the scale of the production process is known as _____.

a. Returns to scale,

b. Returns to a factor,

c. Returns to proportion,

d. Returns to input.

Ans: a. Returns to scale.

9. If doubling of all inputs results in more than doubling the output level then it is known as _____.

a. Increasing returns,

b. Diminishing returns,

c. Constant returns,

d. Average returns.

Ans: a. Increasing returns.

10. Change in output level is in the same proportion of change in input level is known as _____.

a. Increasing returns,

b. Diminishing returns,

c. Constant returns,

d. Average returns.

Ans: c. Constant returns.

11. If the output level increases at a lower proportion than the increase in inputs then it is known as _____.

a. Increasing returns,

b. Diminishing returns,

- c. Constant returns,
- d. Average returns.

Ans: b. Diminishing returns.

12. The economic region is applicable only in the _____.

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

Ans: c. Initial stage.

13. If the firm enjoys some advantages within itself then it is known as _____.

- a. International economies,
- b. Domestic economies,
- c. External economies,
- d. Internal economies.

Ans: d. Internal economies.

14. External economies of scale are those economies which are enjoyed by a firm as a result of the growth of the _____.

- a. Industry,
- b. Economy,
- c. Locality,
- d. None of the above.

Ans: a. Industry.

15. When the cost of production begins to increase in large scale production then it is known as _____.

- a. Internal economies,
- b. Diseconomies of scale,
- c. External economies,
- d. Economies of scale.

Ans: b. Diseconomies of scale.

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