



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Answerkey 29

Sub: Economics Class: XII

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

Topic: Concept of Long run cost

Date: 03/07/2020

Multiple choice questions

1x15 = 15

1. At long run all costs are _____.

- a. Variable,
- b. Fixed,
- c. Zero,
- d. Equal.

Ans: a. Variable,

2. Long run is the sum total of all _____ costs.

- a. Types,
- b. Imputed,
- c. Opportunity,
- d. Short run.

Ans: d. Short run.

3. LAC curve will be _____.

- a. Downward sloping,
- b. Horizontal,
- c. Flatter U shaped,
- d. Upward rising.

Ans: c. Flatter U shaped.

4. In the short run MC will be _____.

- a. U shaped,
- b. Upward rising,
- c. Downward sloping,
- d. Concave.

Ans: a. U shaped.

5. The long run LMC curve will be _____.

- a. Downward sloping,
- b. Upward rising,
- c. U shaped,
- d. S shaped.

Ans: c. U shaped.

6. The curve which is obtained from the envelope of the short run curves is _____.

- a. LAC,
- b. LMC,
- c. AC,
- d. AVC.

Ans: a. LAC.

7. Which curve is a rectangular hyperbola in shape?

- a. AVC,
- b. AFC,
- c. AC,
- d. MC.

Ans: b. AFC.

8. At the minimum point of LAC curve _____ level of production is possible.

- a. Optimum,
- b. Minimum,
- c. Maximum,
- d. Zero.

Ans: a. Optimum.

9. Long run cost curve is known as _____ curve.

- a. Focused,
- b. Digital,
- c. Envelope,
- d. Smooth.

Ans: c. Envelope.

10. Long run AC and MC curves are _____ than short run AC and MC curves.

- a. Steeper,
- b. Flatter,
- c. Less,
- d. More.

Ans: b. Flatter.

11. As output level increases the LAC _____ at first.

- a. Increases,
- b. Decreases,
- c. Remain constant,
- d. U shaped.

Ans: b. Decreases.

12. When LAC is minimum then _____.

- a. $LAC=LMC$,
- b. $LAC>LMC$,
- c. $LAC<LMC$,
- d. $LAC=AC$.

Ans: a. $LAC=LMC$.

13. Long run costs cannot be _____ than short run costs for any output level.

- a. Less,
- b. Lower,
- c. Higher,
- d. None of these.

Ans: c. Higher.

14. Optimum level of production occurs at the minimum point of _____ curve.

- a. AC,
- b. LAC,
- c. AFC,
- d. MC.

Ans: b. LAC.

15. There is only _____ SAC curve through whose minimum point the LAC curve passes.

- a. Many,
- b. Two,
- c. One,
- d. None of these.

Ans: c. One.

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