ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Answe Sub: Economics Class Chapter 04: Theory of production Topic: law of Returns to Scale	rkey 17 : XII F.M.: 15 Date: 10/06/2020
Multiple choice questions	1x15 = 15
1. In production process, the concept of law of returns to scale is related with	
 a. Short run, b. Long run, c. Very short run, d. Very long run. Ans: b. Long run. 2. The relation between the change in the the production process is known as a. Returns to scale, b. Returns to a factor, c. Returns to proportion, d. Returns to input. 	e output level and the change in the scale of
 3. When the inputs are changed then a. Output, b. Uses, c. Scale, d. All of above. Ans: a. Output. 4. The law of returns to scale will be app changed. a. All, b. One, c. Two, 	changes in the production process.

d. No.

Ans: a. All.

- 5. Returns to scale are of _____types.
 - a. Zero,
 - b. Two,



- c. One,
- d. Three. Ans: d. Three.

6. The law of returns to scale will not be applicable when _____input changes.

- a. Fixed,
- b. Variable,
- c. One,
- d. None of the above. **Ans:** c. One.

7. In production the law related with long run is known as ______.

- a. Law of returns to scale,
- b. Law of diminishing return,
- c. Law of fixed proportion,
- d. Law of variable proportion. **Ans:** a. Law of returns to scale.
- 8. The law of returns to scale refers to _____ in output level..
 - a. Increase,
 - b. Diminish,
 - c. Constant,
 - d. Change. Ans: d. Change.
- 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. For constant returns to scale output changes in the _____ proportion as input changes.

- a. More,
- b. Less,
- c. Same,
- d. Zero.

Ans: c. Same.

13. For increasing returns to scale output changes in the _____proportion as input changes.

- a. Same,
- b. Less than,
- c. More than,
- d. Fixed.

Ans: c. More than.

- 14. For decreasing returns to scale output changes in the _____proportion as input changes.
 - a. Same,
 - b. More than,
 - c. Fixed,
 - d. Less than.

Ans: d. Less than.

15. The law of returns to scale is applicable only in the _____.

- a. Long run,
- b. Short run,
- c. Very long run,
- d. Very short run.

Ans: a. Long run.

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