



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



**Answerkey 27**

**Class: XII**

**Sub: Economics**

**Chapter 05: Theory of Cost**

**Topic: Concept of Total cost and Average cost**

**F.M.: 15**

**Date: 01/07/2020**

## Multiple choice questions

**1x15 = 15**

1. In the short run AC will be\_\_\_\_\_.

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

**Ans:** a. U shaped.

2. \_\_\_\_\_curve cannot be start from the origin.

- a. Money cost,
- b. Total cost,
- c. Real cost,
- d. Imputed cost.

**Ans:** b. Total cost.

3. Total cost is the sum total of total \_\_\_\_\_cost and total variable cost.

- a. Fixed,
- b. Real,
- c. Imputed,
- d. Profit.

**Ans:** a. Fixed.

4. AFC curve will be \_\_\_\_\_.

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

**Ans:** a. Downward sloping.

5. TFC curve is parallel to \_\_\_\_\_axis.

- a. Vertical,
- b. Revenue,
- c. Horizontal,
- d. Cost.

**Ans:** c. Horizontal.

6. The short run AVC curve will be \_\_\_\_\_.

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

**Ans:** c. U shaped.

7. Shape of total cost curve depends on the shape of the \_\_\_\_\_ curve.

- a. TFC,
- b. TVC,
- c. AC,
- d. AVC.

**Ans:** b. TVC.

8. Which curve is a rectangular hyperbola in shape?

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

**Ans:** b. AFC.

9. The vertical difference between the TC curve and TVC curve \_\_\_\_\_.

- a. Continuously increases,
- b. Zero,
- c. Continuously decreases,
- d. Remains the same.

**Ans:** d. Remains the same.

10. TVC curve is first concave and then \_\_\_\_\_.

- a. U shaped,
- b. L shaped,
- c. Convex,
- d. Upward rising.

**Ans:** c. Convex.

11. If output increases then total fixed cost will \_\_\_\_\_.

- a. Increase,
- b. Zero,
- c. Remain same,
- d. Decrease.

**Ans:** c. Remain same.

12. Total cost per unit of output is known as \_\_\_\_\_.

- a. MC,
- b. TC,

- c. TFC,
- d. AC.

**Ans:** d. AC.

13. As output level increases the AFC \_\_\_\_\_.

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

**Ans:** b. Decreases.

14. Both AVC and AC first decrease and then \_\_\_\_\_.

- a. Increase,
- b. Negative,
- c. Positive,
- d. None of these.

**Ans:** a. Increase.

15. By adding AFC and AVC vertically we get \_\_\_\_\_ curve.

- a. MC,
- b. TC,
- c. AC,
- d. TVC.

**Ans:** c. AC.

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