



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Answerkey 52

**Sub: Economics**

**Class: XII**

**Chapter 13: Pricing in the factor market**

**F.M.: 15**

**Topic: Theory of Rent and Marginal Productivity**

**Date: 20/11/2020**

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### Multiple choice questions

**1x15 = 15**

1. Marginal productivity theory of factor pricing was developed by\_\_\_\_\_.

- a. J.B.Clark,
- b. Kalecki,
- c. Samuelson,
- d. Keynes.

Ans: a. J.B.Clark.

2. In Marginal productivity theory, it is assumed that there exists \_\_\_\_\_ in the commodity market.

- a. Monopoly,
- b. Perfect competition,
- c. Oligopoly,
- d. Duopoly.

Ans: b. Perfect competition.

3. In Marginal productivity theory, it is assumed that all units of the factors of production are\_\_\_\_\_.

- a. Different,
- b. Heterogeneous,
- c. Homogeneous,
- d. Zero.

Ans: c. Homogeneous.

4. In Marginal productivity theory, it is assumed that there is \_\_\_\_\_ among different factors of production.

- a. Compatibility,
- b. Complementarity,
- c. Equality,
- d. Substitutability.

Ans: d. Substitutability.

5. In Marginal productivity theory, it is assumed that marginal productivity of each factor of production is \_\_\_\_\_.

- a. Diminishing,
- b. Increasing,
- c. Zero,
- d. Negative.

Ans: a. Diminishing.

6. Objective of the firm is to maximize \_\_\_\_\_.

- a. Reputation,
- b. Profit,
- c. Production,
- d. Cost.

Ans: b. Profit.

7. Marginal physical product is expressed in terms of \_\_\_\_\_ units.

- a. Money,
- b. Sales,
- c. Physical,
- d. Profit.

Ans: c. Physical.

8. Value of marginal physical product is expressed in terms of \_\_\_\_\_.

- a. Sales,
- b. Production,
- c. Cost,
- d. Money.

Ans: d. Money.

9. Supply of land is completely \_\_\_\_\_.

- a. Inelastic,
- b. Elastic,
- c. Infinite,
- d. Unit elastic.

Ans: a. Inelastic.

10. Rent can arise due to \_\_\_\_\_ of land.

- a. Availability,
- b. Scarcity,
- c. Production,
- d. Cost.

Ans: b. Scarcity.

11. \_\_\_\_\_ rent arise due to differences in the qualities of land.

- a. Scarcity,
- b. Quasi,

- c. Differential,
- d. No.

Ans: c. Differential.

12. The difference between total earning and transfer earning of any factor of production is known as \_\_\_\_\_rent.

- a. Scarcity,
- b. Differential,
- c. Quasi,
- d. Economic.

Ans: d. Economic.

13. \_\_\_\_\_ earning is the earning which the factor can earn in the best alternative use.

- a. Transfer,
- b. Revenue,
- c. Money,
- d. Rent.

Ans: a. Transfer.

14. In the Ricardian theory it is assumed that land has \_\_\_\_\_alternative use.

- a. Infinite,
- b. No,
- c. One,
- d. Two.

Ans: b. No.

15. In the Ricardian theory, rent is \_\_\_\_\_determined.

- a. Demand,
- b. Supply,
- c. Price,
- d. Revenue.

Ans: c. Price.

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