**Teacher’s Assessment Test –II**

**HS 1340 (Principles of Economics): Section -II**

**Time – 40 minutes (04:20 PM to 05:00 PM)**

**Maximum Marks: 15 Marks**

**Name: SUSHREE SATARUPA**

**Roll No: 119CS0102**

|  |  |  |  |
| --- | --- | --- | --- |
| **Qs.no** | **Choose appropriate option.** | ***Marks*** | ***Answer***  *(only provide option number)* |
| 1. | A firm prices its product where price elasticity of demand is -1. The demand equation is Q=4000-3P. For that price, the quantity demanded is:   1. Q=1000 2. Q=2000 3. Q=3000 4. Q=4000 | *2* | *2* |
| 2. | Given the total cost function TC=75+5Q-Q2+0.4Q3, the firm shuts down in the short run if price of output is:   1. 8 2. 7 3. 6 4. 5 5. 4 6. We cannot know given the information | 2 | 6 |
| 3. | Given a production function: Q=XY-50X and iso-cost function: 20X+40Y=2000, the optimal input combination is:   1. X=20; Y=20 2. X=10; Y=40 3. X=0; Y=50 4. Cannot be determined 5. None of the above | 2 | 3 |
| 4. | A monopolist’s equilibrium is at a point where MR=MC. It finds that at MR=MC=Rs.50, the equilibrium quantity (Q) is 1000, and the price elasticity at this quantity is -6. Then the equilibrium price is:   1. Rs. 50 2. Rs. 60 3. Rs. 70 4. Rs. 80 5. Cannot be determined | 2 | 1 |
| 5. | A price discriminating transport company provide transport facilities in two separate markets whose demand curves are: P1=50-0.1Q and P2=60-0.25Q. Given the total cost function of the company as TC=50,00,000+25Q, its profit maximizing pair of prices in the two markets is:   1. (37.5, 25) 2. (37, 25.5) 3. (37.5, 25.5) 4. None of the above | 2 | 4 |
| 6. | Firm A is one of the many competing firms. When a competitor drops its price (other variables remaining unchanged), then   1. Demand curve of A’s competitor shifts 2. Demand curve of A’s product shifts 3. Price of A’s product falls 4. None of the above | 1 | 1 |
| 7. | A production function specifies:   1. The quantity of output as function of any one of the input 2. The inputs as a function of outputs 3. The quantity of inputs required to produce a particular quantity of output 4. Quantities of inputs required to efficiently produce each quantity of output | 1 | 3 |
| 8. | A firm attains break-even point where:   1. AVC reaches its minimum 2. AVC equals price 3. Total revenue equals total cost 4. Declining MR reaches zero | 1 | 3 |
| 9. | Under Monopoly, the pure profit is maximum where   1. AC=AR=MR=MC 2. MR=MC and AR>AC 3. MR=MC and AR=AC 4. None of the above conditions satified | 1 | 2 |
| 10 | When the law of diminishing returns is operating   1. TVC falls at an increasing rate 2. TVC increases at a decreasing rate 3. TVC falls at decreasing rate 4. TVC increases at a constant rate 5. TVC increases at an increasing rate | 1 | 5 |