

# QB365 Question Bank Software Study Materials

## Cost and Revenue Analysis 50 Important 1 Marks Questions With Answers (Book Back and Creative)

11th Standard

Economics

Total Marks : 50

### Multiple Choice Question

50 x 1 = 50

- 1) Cost refers to \_\_\_\_\_.  
(a) Price (b) value (c) fixed cost **(d) cost of production**
- 2) Cost functions are also known as \_\_\_\_ function.  
**(a) production** (b) investment (c) demand (d) consumption
- 3) Money cost is also known as \_\_\_\_ cost.  
**(a) explicit** (b) implicit (c) social (d) real
- 4) Explicit cost plus implicit cost denote \_\_\_\_ cost.  
(a) social **(b) economic** (c) money (d) fixed
- 5) Explicit costs are termed as  
**(a) out of pocket expenses** (b) real cost (c) social cost (d) sunk cost
- 6) The costs of self-owned resources are termed as \_\_\_\_ cost.  
(a) real (b) explicit (c) money **(d) implicit**
- 7) The cost that remains constant at all levels of output is \_\_\_\_ cost.  
**(a) fixed** (b) variable (c) real (d) social
- 8) Identify the formula of estimating average variable cost.  
(a)  $TC/Q$  **(b)  $TVC/Q$**  (c)  $TFC/Q$  (d)  $TAC/Q$
- 9) The cost incurred by producing one more unit of output is \_\_\_\_ cost.  
(a) variable (b) fixed **(c) marginal** (d) total
- 10) The cost that varies with the level of output is termed as \_\_\_\_ cost.  
(a) money **(b) variable cost** (c) total cost (d) fixed cost
- 11) Wage is an example for \_\_\_\_ cost of the production.  
(a) fixed **(b) variable** (c) marginal (d) opportunity
- 12) The cost per unit of output is denoted by \_\_\_\_ cost.  
**(a) average** (b) marginal (c) variable (d) total
- 13) Identify the formula of estimating average cost.  
(a)  $AVC/Q$  **(b)  $TC/Q$**  (c)  $TVC/Q$  (d)  $AFC/Q$
- 14) Find total cost where  $TFC = 100$  and  $TVC = 125$ .  
(a) 125 (b) 175 **(c) 225** (d) 325
- 15) Long-run average cost curve is also called as \_\_\_\_ curve.

- (a) demand    **(b) planning**    (c) production    (d) sales
- 16) Revenue received from the sale of products is known as \_\_\_\_ revenue.  
 (a) profit    **(b) total revenue**    (c) average    (d) marginal
- 17) Revenue received from the sale of additional unit is termed as \_\_\_\_ revenue.  
 (a) profit    (b) average    **(c) marginal**    (d) total
- 18) Marginal revenue is the addition made to the  
 (a) total sales    **(b) total revenue**    (c) total production    (d) total cost
- 19) When price remains constant, AR will be \_\_\_\_ MR.  
**(a) equal to**    (b) greater than    (c) less than    (d) not related to
- 20) A book seller sold 40 books with the price of Rs.10 each. The total revenue of the seller is Rs.\_\_\_\_  
 (a) 100    (b) 200    (c) 300    **(d) 400**
- 21) Planning curve is also called as \_\_\_\_.  
 (a) Envelop curve    (b) Long run average cost curve    (c) Group of short run average cost curve    **(d) All the above**
- 22) The functional relationship between cost and output is expressed as \_\_\_\_.  
 (a) Production function    (b) Consumption function    **(c) Cost function**    (d) Distribution function
- 23) Adam Smith regarded pains and sacrifices of labour as \_\_ of production.  
**(a) Real Cost**    (b) Money Cost    (c) Opportunity Cost    (d) Accounting Cost
- 24) \_\_\_\_ is the summation of explicit and implicit costs.  
 (a) Sunk Cost    (b) Prime Cost    **(c) Economic Cost**    (d) Variable Cost
- 25) \_\_\_\_ is also called as 'Retrospective Cost'.  
 (a) Floating    **(b) Sunk Cost**    (c) Economic Cost    (d) Money Cost
- 26) \_\_ cost is necessary to run the day-to-day business of a firm.  
**(a) Floating Cost**    (b) Sunk Cost    (c) Fixed Cost    (d) Variable Cost
- 27) Fixed cost is also called as \_\_\_\_.  
 (a) Supplementary Cost    (b) Overhead Cost    **(c) Both 'a' and 'b'**    (d) None of these
- 28)  $TC =$  \_\_\_\_.  
**(a)  $TFC + TVC$**     (b)  $TFC - TVC$     (c)  $TFC \times TVC$     (d)  $TFC / TVC$
- 29)  $AC =$   
 (a)  $AFC - AVC$     **(b)  $AFC + AVC$**     (c)  $AFC \times AVC$     (d)  $AFC / AVC$
- 30)  $TR =$   
**(a)  $P \times Q$**     (b)  $P + Q$     (c)  $P - Q$     (d)  $P / Q$
- 31) What is Breakeven point  
 (a) Equilibrium    **(b) No - Profit No - Loss Point**    (c) Both    (d) None
- 32) \_\_\_\_\_ are very important to decide the production behaviour of a firm.  
 (a) Production and market    (b) Taxation and subsidy    **(c) Cost and revenue**    (d) None

- 33) \_\_\_\_\_ refers to the total, cost borne by the society.  
 (a) Opportunity cost (b) Floating cost **(c) Social cost** (d) Real cost
- 34) Variable cost + Cost of Administration together known as \_\_\_\_\_ .  
 (a) Transfer cost (b) Real cost (c) Overhead cost **(d) Prime cost**
- 35) Revenue per unit to output sold known as \_\_\_\_\_ .  
 (a) Profit (b) TR **(c) AR** (d) All the above
- 36) When marginal revenue is positive total revenue \_\_\_\_\_ .  
 (a) less (b) falls **(c) rises** (d) equal
- 37) The LAC curve is derived from \_\_\_\_\_ average cost curves.  
**(a) short run** (b) TC (c) MC (d) All the above
- 38) The payment made to compensate the efforts and sacrifices of all factor owners for their services in production is known as \_\_\_\_\_ .  
 (a) Money cost **(b) Real cost** (c) Sunk cost (d) Social cost
- 39) When price elasticity of demand is less than one, MR is negative and TR is \_\_\_\_\_  
 (a) increasing **(b) decreasing** (c) maximum (d) constant
- 40) Cost analysis is concerned with \_\_\_\_\_ of production.  
**(a) monetary aspects** (b) physical aspects (c) either (a) or (b) (d) both (a) and (b)
- 41) Cost function are derived function. They are derived form \_\_\_\_\_ .  
 (a) demand function (b) supply function (c) cost analysis **(d) production function**
- 42) What is the total expenses incurred in the production of a commodity called?  
 (a) cost of advertisement (b) cost of marketing **(c) cost of production** (d) cost of selling
- 43) What does money cost include?  
 (a) cost of raw materials (b) payment of wages (c) salary **(d) all**
- 44) What is the cost borne by the society called?  
**(a) social cost** (b) external cost (c) opportunity cost (d) Sunk cost
- 45) Match the following
- |                     |               |
|---------------------|---------------|
| 1) Explicit Cost    | Book cost     |
| 2) Implicit Cost    | External Cost |
| 3) Social Cost      | Transfer Cost |
| 4) Opportunity Cost | Money Cost    |
- (a) (1)-(iv),(2)-(i),(3)-(iii),(4)-(ii) **(b) (1)-(iv),(2)-(i),(3)-(ii),(4)-(iii)** (c) (1)-(ii),(2)-(iii),(3)-(i),(4)-(iv)  
 (d) (1)-(iii),(2)-(iv),(3)-(i),(4)-(ii)
- 46) Identify TC.  
 (a) VC + cost of administration **(b) TFC + TVC** (c) TFC / TVC (d) TFC - TVC
- 47) What is ATC?

(a) **AFC + AVC** (b) AVC (c) AFC (d) all

48) AVC is 'u' shaped due to \_\_\_\_\_

(a) law of variable proportion (b) **law of returns** (c) law of DMU (d) none

49) AC is 'u' shaped due to \_\_\_\_\_

(a) **law of variable proportion** (b) law of returns (c) law of DMU (d) none

50) What is the amount of money that a producer receives for selling goods?

(a) profit (b) **revenue** (c) cost (d) loss