

**J D Women's College**

**Course Name- MBA (PG)**

**(1st semester)**

**Subject-Managerial Economics**

**Topic- Multiple Choice Questions on Law of variable proportions**

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## MCQ on law of variable proportions

1. Which of the following is not an assumption of the Law of variable Proportions?

- (a) **There is no change in technology.**
- (b) Variable factors are homogeneous.
- (c) No change in price of related goods.
- (d) One factor is variable & others are fixed.

2. How many laws of Return are there?

- (a) 1
- (b) 2
- (c) **3**
- (d) 4

3. Law of Variable proportion is applicable in:

- (a) Agriculture
- (b) Industries
- (c) **Both (a) & (b)**
- (d) Only (a)

4. Which of the following factor is assumed to be fixed in short run of Law of variable proportions?

- (a) **Land**
- (b) Labour
- (c) Capital
- (d) Entrepreneur

5. When more & more units of labour are employed on a given piece of land, the marginal product of additional unit of labour will go on diminishing , It is called:

- (a) **Law of diminishing returns**
- (b) Law of increasing returns
- (c) Law of constant returns
- (d) None of these

6. Law of increasing returns is applicable to:

- (a) Agriculture
- (b) **Industries**
- (c) Mining
- (d) None of these

7. Law of increasing returns is fastly Applicable to Industries because of :

- (a) Division of labour
- (b) New inventions
- (c) Both (a) & (b)
- (d) **None of these**

8. Law of diminishing returns is applicable to Agriculture because of :

- (a) Natural factors
- (b) Decrease in fertility of land
- (c) **Less use of machines**
- (d) All of the above

9. When one more unit of labour is combined with the land and marginal product is constant, it is called?

- (a) Law of diminishing returns
- (b) Law of increasing returns
- (c) **Law of constant returns**
- (d) None of these

10. Causes of Applicability of law of variable proportions are :

- (a) Imperfect substitutes
- (b) Under-utilization of fixed factor
- (c) Optimum production
- (d) **All of the above**

11. Which one of the following statements is true?

- a) If the marginal cost is greater than the average cost the average cost falls

- b) If the marginal cost is greater than the average cost the average cost increases**
- c) If the marginal cost is positive total costs are maximized
- d) If the marginal cost is negative total costs increase at a decreasing rate if output increases

12. According to the law of diminishing returns:

- a) The marginal product of a variable factor eventually falls as more units of it are added to a fixed factor**
- b) Marginal utility falls as more units of a product are consumed
- c) The total product falls as more units of a variable factor are added to a fixed factor
- d) The marginal product eventually increases as more units of a variable factor are added to a fixed factor

13. The law of diminishing returns assumes:

- a) There are no fixed factors of production
- b) There are no variable factors of production
- c) Utility is maximized when marginal product falls
- d) Some factors of production are fixed**

14. Total cost increases from £500 to £600 when output increases from 20 to 30 units. Fixed costs are £200. Which of the following is true?

- a) Marginal cost is £20
- b) Average cost falls
- c) Variable cost rises by £100**
- d) Average fixed cost is £100

15. Total cost increases from Rs 500 to Rs 600 when output increases from 20 to 30 units. Fixed costs are Rs 200. Which of the following is true?

a) Marginal cost is equal to fixed cost

**b) Average cost falls**

c) Variable cost rises by Rs 200

d) Fixed costs rise

16. If marginal product is below average product:

a) The total product must fall

**b) The average product will fall**

c) Average variable costs will fall

d) Total revenue will fall

17. A fixed input is one whose quantity cannot be varied during the time under

Consideration

**(a) True** (b) False

18. Economists find it convenient to distinguish between the .....and the long run.

**a) Short run**

b) Large run

c) Big run

d) None of these

19. The law of variable proportions states that as the quantity of one factor is increased, keeping the other factors fixed, the marginal product of that factor will eventually decline.

**(a) True** (b) False

20) MRP stands for

**a) Marginal Revenue Product**

b) Marginal Revenue process

c) Both (a) and (b)

d) None of these