

Multiple Choice Questions

1. When the additional unit of input is 'crowded' in the production, the output is proportionally less and _____.

[CUET 2025]

(a) total product begins to fall

(b) marginal product begins to fall

(c) average product begins to rise

(d) total product begins to rise

2. Choose the correct statements considering the relationship between marginal product and average product.

[CUET 2025]

(A) Average product and marginal product curve are 'U'shaped

(B) Average product and marginal product curve are inverse 'U'shaped

(C) When the average product increases, the marginal product is greater than the average product

(D) When the average product decreases, the marginal product is less than the average product

Choose the correct answer from the options given below:

(a) (A), (B) and (D) only

(b) (A), (C) and (D) only

(c) (A), (B), (C) and (D)

(d) (B), (C) and (D) only

3. The relationship between an increase in variable input and output when all other inputs are held constant is referred to as _____.

[CUET 2025]

(a) Average Product

(b) Total Product

(c) Marginal Product

(d) Physical Product

4. During short period, production can be increased through:

(a) greater application of fixed factors

(b) greater application of variable factors

(c) greater application of all the factors of production

(d) none of these

5. In the context of long-run production function, factor ratio is:

(a) variable

(b) constant

(c) variable as well as constant

(d) none of these

6. Per unit production of the variable factor is called:

(a) total product

(b) average product

(c) marginal product

(d) none of these

7. Which of the following equations is correct?

(a) $AP = \frac{Q}{L}$

(b) $MP = \frac{Q}{\Delta L}$

(c) $MP = \frac{\Delta Q}{L}$

(d) none of these

$$\left[\begin{array}{l} AP = \text{Average product} \\ Q = \text{Output} \\ L = \text{Variable factor} \\ MP = \text{Marginal product} \end{array} \right]$$

8. Which of the following equations is correct?

(a) $MP = TP_n - TP_{n-2}$

(c) $TP = \frac{AP}{L}$

(b) $AP = TP \times L$

(d) $MP = \frac{\Delta TP}{\Delta L}$

9. Variable proportions type production function exists:

(a) when with change in the level of output there is change in factor ratio

(b) when it is possible to increase output by increasing the application of the variable factor

(c) when scale of production changes with change in the level of output

(d) both (a) and (b)

10. When marginal product turns negative:

(a) total output will begin to fall

(c) total output will remain constant

(b) total output will begin to rise

(d) none of these

11. When average product (output) increases, marginal product is:

(a) equal to average product

(c) less than average product

(b) greater than average product

(d) zero

12. Which one of the following leads to the law of variable proportions?

(a) Some factors are constant

(c) Specialisation of factors

(b) Some factors are more efficient than others

(d) None of these

13. In case of diminishing returns to a factor:

(a) total product increases at a diminishing rate

(b) total product increases at an increasing rate

(c) marginal product diminishes

(d) both (a) and (c)

14. Stage of negative returns sets in when:

(a) MP is diminishing

(c) MP is negative

(b) MP is rising

(d) none of these

15. When MP cuts AP at its highest point:

(a) $MP > AP$

(c) $MP = AP$

(b) $MP < AP$

(d) none of these

16. When MP is decreasing, TP increases:

(a) at an increasing rate

(c) at a constant rate

(b) at a decreasing rate

(d) none of these

17. When total product is maximum then marginal product:

(a) decreases

(c) is also maximum

(b) increases

(d) is zero

18. When MP is constant:

(a) TP is also constant

(c) TP is increasing at a constant rate

(b) TP is zero

(d) TP is decreasing at a constant rate

19. Point of inflexion refers to that point from where:

- (a) slope of TP changes
- (b) TP stops increasing at an increasing rate
- (c) slope of AP changes
- (d) both (a) and (b)

20. Marginal product curve is a:

- (a) U-shaped curve
- (b) inverse U-shaped curve
- (c) rectangular hyperbola
- (d) none of these

21. Stages of production are the consequences of:

- (a) Law of Diminishing Marginal Rate of Transformation
- (b) Law of Diminishing Marginal Utility
- (c) Law of Variable Proportions
- (d) Law of Diminishing Returns to Scale

22. When total product is 100 units and units of variable factor are 4, average product will be:

- (a) 25
- (b) 400
- (c) 96
- (d) 104