

ECO401 – Introduction To Economics

FALL 2022 Mid term SOLVED File

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REMEMBER IN PRAYERS
KEEP SMILING
SAY NO TO CURRUPTION
HELP TO OTHERS

Regards,
AARISH ALI & TEAM
“VU GLOBAL”
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Question # 1 of 10 (start time: 11:42:15 AM, 31 December 2021)

Total Marks: 1

A firm is producing output by using two inputs i.e. labor and capital, paying wages to labor and rent to capital. Suppose price of one input like labor increases, it shows that the isocost line:

Select the correct option

<input type="radio"/>	Pivots out
<input type="radio"/>	Shifts outward
<input type="radio"/>	Undergoes no change
<input type="radio"/>	Shifts inward

Question # 2 of 10 (start time: 11:43:18 AM, 31 December 2021)

Total Marks: 1

Which of the following is the slope of the indifference curve (IC):

Select the correct option

<input type="radio"/>	$MU_x = MU_y$
<input type="radio"/>	$MU_x + MU_y$
<input type="radio"/>	MU_x / MU_y
<input type="radio"/>	MU_y / MU_x

Consumer will consume additional units of commodity until marginal utility becomes:

Select the correct option

- Equal to the income
- Equal to the price
- Equal to the utility
- Equal to one

The law of diminishing returns states that as more units of a variable factor are added to a fixed factor:

Select the correct option

- The marginal product falls.
- The total product falls.
- The marginal product increases.
- Marginal utility falls.

Click to Save Answer & Move to Next Question

Question # 5 of 10 (start time: 11:45:07 AM, 31 December 2021)

Total Marks: 1

Which of the following is the slope of the budget line;

Select the correct option

<input type="radio"/>	P_x/P_y
<input checked="" type="radio"/>	$-P_x/P_y$
<input type="radio"/>	P_x+P_y
<input type="radio"/>	$-P_y/P_x$

Click to Save Answer & Move to Next Question

Question # 6 of 10 (start time: 11:45:38 AM, 31 December 2021)

Total Marks: 1

The law of diminishing marginal utility indicates that marginal utility curve is:

Select the correct option

<input type="radio"/>	Upward sloping.
<input checked="" type="radio"/>	Downward sloping.
<input type="radio"/>	Vertical.
<input type="radio"/>	U shaped.

Click to Save Answer & Move to Next Question



Question # 7 of 10 (Start time: 11:46:12 AM, 31 December 2021)

Total Marks: 1

Assume that land used for growing wheat is fixed in quantity and numbers of workers employed are variable. When Ali hires 9 workers, he gets 15 tonnes of wheat. By employing 10 workers, wheat production increases from 15 tonnes to 20 tonnes. The marginal physical product of wheat in this case will be:

Select the correct option

<input type="radio"/>	20 tonnes.
<input type="radio"/>	2 tonnes.
<input type="radio"/>	35 tonnes.
<input type="radio"/>	5 tonnes.

Question # 8 of 10 (Start time: 11:47:09 AM, 31 December 2021)

Total Marks: 1

If the quantity of all inputs are increased by 30% and output expands by 25%, then the firm is experiencing ;

Select the correct option

<input type="radio"/>	Constant returns to scale
<input type="radio"/>	None of above
<input type="radio"/>	Increasing returns to scale
<input type="radio"/>	Decreasing returns to scale

Click to Save Answer & Move to Next Question



Question # 9 of 10 (start time: 11:47:47 AM, 31 December 2021)

Total Marks: 1

The law of diminishing marginal utility refers to the:

Select the correct option

- | | |
|----------------------------------|--|
| <input checked="" type="radio"/> | Fall in additional satisfaction created by consumption of more and more units of a good. |
| <input type="radio"/> | Decrease in total satisfaction as more units of a good are consumed. |
| <input type="radio"/> | Units of a good. |
| <input type="radio"/> | Idea that total utility is negative. |

Click to Save Answer & Move to Next Question

Question # 10 of 10 (start time: 11:48:25 AM, 31 December 2021)

Total Marks: 1

When the price of one good change, the purchasing power of consumer changes i.e., the budget line shifts leads to;

Select the correct option

- | | |
|----------------------------------|---------------------|
| <input checked="" type="radio"/> | Price Effect |
| <input type="radio"/> | Substitution Effect |
| <input type="radio"/> | No Effect |
| <input type="radio"/> | Income Effect |

Click to Save Answer & Move to Next Question

Question # 1 of 10 (Start time: 02:12:08 PM, 31 December 2021)

The slope of budget line $-P_x/P_Y$ is also called:

Select the correct option

- Output ratio.
- Input ratio.
- Input price ratio.
- Output price ratio.

Click to Save Answer & Move to Next Question

Question # 2 of 10 (Start time: 02:13:41 PM, 31 December 2021)

Total Marks: 1

Suppose Ali increases his consumption of oranges when his income rises. This implies that for Ali, oranges are:

Select the correct option

- Normal and Giffen good.
- Normal good.
- Inferior good.
- Giffen good.

Click to Save Answer & Move to Next Question

Question # 3 of 10 (start time: 02:14:59 PM, 31 December 2021)

Total Marks: 1

Which of the following is true for decreasing returns to scale?

Select the correct option

- 1% increase in the amount of all the factors employed causes 2% increase in output
- 1% increase in the amount of all the factors employed causes 1% increase in output
- 1% increase in the amount of all the factors employed causes 0.75% increase in output
- 1% increases in the amount of all the factors employed causes 3% increase in output

Click to Save Answer & Move to Next Question

Question # 4 of 10 (Start time: 02:16:30 PM, 31 December 2021)

The slope of isocost is equal to:

Select the correct option

- | | |
|----------------------------------|--|
| <input type="radio"/> | Price of labor to price of capital |
| <input type="radio"/> | Change in price of labor to change in price of capital |
| <input type="radio"/> | Labor to capital |
| <input checked="" type="radio"/> | Change in labor to change in capital |

Click to



Question # 5 of 10 (start time: 02:18:13 PM, 31 December 2021)

Total Marks: 1

Suppose a firm is producing output by using two inputs labour and capital paying wages to labour and rent to capital. If prices of both inputs decrease then;

Select the correct option

<input checked="" type="radio"/>	The iso-cost line shifts inward
<input type="radio"/>	No change in iso-cost line
<input type="radio"/>	The iso-cost line shifts outward
<input type="radio"/>	None of above

Click to Save Answer & Move to Next Question

Which of the following is TRUE about the total cost curve?

Select the correct option

<input type="radio"/>	It relates output with total cost.
<input checked="" type="radio"/>	All of the given options are true.
<input type="radio"/>	It is usually upward sloping.
<input type="radio"/>	It gets steeper as output rises.

Click to Save Answer & Move to Next Question



Other things remaining the same, if Anam drinks more and more bottles of coke, her marginal utility from coke will:

Select the correct option

Reload Math Equations

- Increase
- Increase and then decrease
- Remains constant
- Decrease ✓

Click to Save Answer & Move to Next Question

A line which charts out all the different combinations of two goods which a consumer can purchase, is called

Select the correct option

- Indifference Curve
- Budget Line ✓ SURE MUDAST
- Supply Curve
- Demand Curve

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A good whose consumption increases due to increase in its price is categorized as:

Select the correct option


<input type="radio"/>	Giffen good
<input type="radio"/>	Normal Good
<input type="radio"/>	Expensive good
<input type="radio"/>	Normal Good and inferior good

Click to Sc



If two goods were perfect substitutes, their indifference curves would be:

Select the correct option

- | | |
|-----------------------|---|
| <input type="radio"/> | L-shaped. |
| <input type="radio"/> | Rectangular hyperbolas. |
| <input type="radio"/> | Parabolic. |
| <input type="radio"/> | Straight lines.  |

Question # 2 of 10 (Start time: 02:28:59 PM, 31 December 2021)

Suppose that thirty units of output are produced by using five units of labour. The average product of labour is:

Select the correct option

- | | |
|----------------------------------|-----|
| <input type="radio"/> | 5 |
| <input type="radio"/> | 1/6 |
| <input type="radio"/> | 30 |
| <input checked="" type="radio"/> | 6 |

Click to Save Answer &

Question # 3 of 10 (Start time: 02:29:54 PM, 31 December 2021)

Total Ma

Ali spends his money income on food and clothes. Holding other things constant, if his income increase by 25%, his budget line would;

Select the correct option

Reload Math Equatio

- Shift outward
- Shift inward
- Rotate about the axis for clothes
- Rotate about the axis for food

Click to Save Answer & Move to Next Question

Question # 4 of 10 (Start time: 02:30:43 PM, 31 December 2021)

Question # 4 of 10 (Start time: 02:30:43 PM, 31 December 2021)

Which of the following indicates optimal consumption point for the consumer;

Select the correct option

- $P_x/P_y = \Delta Y/\Delta X = MU_x/MU_y$
- $P_x/P_y = \Delta X/\Delta Y = MU_x/MU_y$
- $P_y/P_x = \Delta Y/\Delta X = MU_x/MU_y$
- $P_x/P_y = \text{zero} = MU_x/MU_y$



Question # 5 of 10 (Start time: 02:31:33 PM, 31 December 2021)

According to the law of diminishing marginal utility, as the consumption of particular good increases:

Select the correct option

- Total utility decreases.
- Total utility remains constant.
- Marginal utility decreases.
- Marginal utility increases.

Click to

Assume that first five units of a variable input generate corresponding total outputs per period of 50, 75, 120, 150, and 250 respectively. The marginal product of 5th unit of input is

Select the correct option

- 100
- 200
- 50
- 150

Question # 7 of 10 (Start time: 02:33:39 PM, 31 December 2021)

Total Marks: 1

A farm can produce 100 kilograms of apples per year with 2 workers and 400 kilograms of apples per year with 3 workers. The marginal product of the third worker is:

Select the correct option

<input type="radio"/>	400 kilograms.
<input checked="" type="radio"/>	300 kilograms.
<input type="radio"/>	500 kilograms.
<input type="radio"/>	100 kilograms.

Question # 8 of 10 (Start time: 02:34:50 PM, 31 December 2021)

The law which explains that additional satisfaction falls by the consumption of more and more units of a good, is called:

Select the correct option

<input type="radio"/>	Law of Elasticity
<input checked="" type="radio"/>	Law of diminishing marginal utility
<input type="radio"/>	Law of supply
<input type="radio"/>	Law of demand

Click to Save Answer & Mark

Question # 9 of 10 (Start time: 02:35:33 PM, 31 December 2021)

The law of diminishing returns states that as more units of a variable factor are added to a fixed factor:

Select the correct option

- Marginal utility falls.
- The marginal product falls.
- The marginal product increases.
- The total product falls.

Question # 10 of 10 (Start time: 02:36:29 PM, 31 December 2021)

The law of diminishing marginal utility indicates that marginal utility curve is:

Select the correct option

- Downward sloping.
- Upward sloping.
- U shaped.
- Vertical.

Question # 1 of 10 (Start time: 11:48:09 PM, 31 December 2021)

Other things remaining the same, if Anam drinks more and more bottles of coke, her marginal utility from coke will:

Select the correct option

Relo

- Decrease
- Increase and than decrease
- Remains constant
- Increase

Click to Save Answer & Move

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Which of the following is the slope of the indifference curve (IC);

Select the correct option

- MU_x / MU_y
- MU_y / MU_x
- $MU_x + MU_y$
- $MU_x = MU_y$

Click t

Question # 2 of 10 (Start time: 02:39:34 PM, 31 December 2021)

Suppose that 24 units of output are produced by using 6 units of labor. Which of the following is TRUE in this context?

Select the correct option

- The average product of labor is 4.
- None of the given options.
- The total product of labor is $1/4$.
- The marginal product of labor is 4.



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Suppose that 24 units of output are produced by using 6 units of labor. Which of the following is TRUE in this context?

Select the correct option

- The average product of labor is 4.
- None of the given options.
- The total product of labor is $1/4$.
- The marginal product of labor is 4.



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Question # 3 of 10 (Start time: 02:40:56 PM, 31 December 2021)

If population of a country is increasing but output remains constant, it implies that:

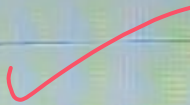
Select the correct option

None of the given options is true

Constant returns set in

Increasing returns set in

Diminishing returns set in



vulms.vu.edu.pk/Quiz/QuizQuestion.aspx?ver=02c1ad4a-6611-48db-8c93-af2c73f2066

Marginal Utility analysis is an analysis of utility which is also known as:

Select the correct option

Measurement Approach

Cardinal Approach

Ordinal Approach

Indifference Curve Approach



How output of a business responds to a change in factor inputs is called;

Select the correct option

- Economies of scale
- Returns to factor
- Diseconomies of scale
- Returns to scale

_____ is the rate at which a firm can substitute capital for labor and hold output constant.

Select the correct option

- Marginal rate of production
- Marginal rate of technical substitution
- Diminishing marginal returns
- Marginal rate of substitution

Suppose the quantities of labor and capital used in a production process increase by 30 percent. As a result, the output increases only by 20 percent. The production function in this situation exhibits:

Select the correct option

- Increasing returns to factors.
- Decreasing returns to scale.
- Increasing returns to scale.
- Constant returns to scale.

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Go to PC settings to activate Windows

If marginal utility is greater than price, then consumer will increase:

Select the correct option

- Supply
- Production
- Consumption
- Income



Which of the following is true for decreasing returns to scale?

Select the correct option

- 1% increase in the amount of all the factors employed causes 1% increase in output
- 1% increase in the amount of all the factors employed causes 2% increase in output
- 1% increase in the amount of all the factors employed causes 3% increase in output
- 1% increase in the amount of all the factors employed causes 0.75% increase in output

Question # 10 of 10 (Start time: 02:49:32 PM, 31 December 2021)

The optimal point of consumption is that point where consumer surplus becomes:

Select the correct option

- Negative
- Maximum
- Zero
- Positive

Question # 1 of 10 (Start time: 06:04:31 PM, 31 December 2021)

Total Marks: 1

Suppose Ali increases his consumption of oranges when his income rises. This implies that for Ali, oranges are:

Select the correct option

<input checked="" type="radio"/>	Normal good.
<input type="radio"/>	Inferior good.
<input type="radio"/>	Normal and Giffen good.
<input type="radio"/>	Giffen good.

Question # 2 of 10 (Start time: 06:06:07 PM, 31 December 2021)

Total Marks: 1

The change in total physical product that results from employing an extra unit of the variable factor is the:

Select the correct option

<input type="radio"/>	Average physical product of labor
<input type="radio"/>	Total profit
<input type="radio"/>	Total revenue
<input checked="" type="radio"/>	Marginal physical product of labor

Assume that land used for growing wheat is fixed in quantity and numbers of workers employed are variable. If the marginal physical product of wheat is greater than the average wheat production, then:

Select the correct option

- Average physical product of wheat will be maximized.
- Average physical product of wheat will decrease.
- Marginal physical product of wheat will increase.
- Average physical product of wheat will increase.

[Click to Save Answer & Move to Next Question](#)

Question # 4 of 10 (Start time: 06:09:19 PM, 31 December 2021)

Total Marks: 1

Input price ratio is equal to:

Select the correct option

<input type="radio"/>	Marginal rate of substitution
<input checked="" type="radio"/>	Slope of budget line
<input type="radio"/>	Marginal rate of technical substitution
<input type="radio"/>	Output price ratio

[Click to Save Answer & Move to Next Question](#)

ECO401 - Economics (Quiz No. 2)

Quiz Start Time: 06:04 PM, 31 December 2021

Question # 5 of 10 (Start time: 06:10:42 PM, 31 December 2021)

Total Marks: 1

If the marginal physical product is above the average physical product:

Select the correct option

<input type="radio"/>	Average variable costs will fall.
<input type="radio"/>	The total physical product will fall.
<input type="radio"/>	Total revenue will fall.
<input checked="" type="radio"/>	The average physical product will rise.

[Click to Save Answer & Move to Next Question](#)

'Advertising by a rival industry' is an example of:

Select the correct option

- | | |
|----------------------------------|--------------------------------|
| <input type="radio"/> | Internal diseconomies of scale |
| <input checked="" type="radio"/> | External economies of scale |
| <input type="radio"/> | Returns to factor |
| <input type="radio"/> | Internal economies of scale |

Click to Save Answer & Move to Next

The marginal utility curve is exactly equal to:

Select the correct option

- | | |
|----------------------------------|---------------------|
| <input type="radio"/> | Total utility Curve |
| <input checked="" type="radio"/> | Demand curve |
| <input type="radio"/> | Supply Curve |
| <input type="radio"/> | Income Curve |

[Click to Save Answer & Move to Next Question](#)

Question # 8 of 10 (Start time: 06:14:23 PM, 31 December 2021)

Total Marks: 1

The slope of isocost is equal to:

Select the correct option

- | | |
|----------------------------------|--|
| <input type="radio"/> | Labor to capital |
| <input checked="" type="radio"/> | Price of labor to price of capital |
| <input type="radio"/> | Change in price of labor to change in price of capital |
| <input type="radio"/> | Change in labor to change in capital |

Click to Save Answer & Move to Next Question

Question # 9 of 10 (Start time: 06:16:10 PM, 31 December 2021)

Total Marks: 1

The law which explains that additional satisfaction falls by the consumption of more and more units of a good, is called:

Select the correct option

 Reload Math Equations

- | | |
|----------------------------------|-------------------------------------|
| <input type="radio"/> | Law of supply |
| <input type="radio"/> | Law of Elasticity |
| <input type="radio"/> | Law of demand |
| <input checked="" type="radio"/> | Law of diminishing marginal utility |

Click to Save Answer & Move to Next Question

All consumes only two goods, Apples and Oranges. If he is confronted with different combinations of Apples and Oranges that give him the equal level of satisfaction, then he will:

Select the correct option

- Choose any combination of Apples and Oranges. ✓
- Buy more Oranges than Apples.
- Buy only Apples.
- Buy more Apples than Oranges.

Click to Save Answer & Move to Next Question

Question # 1 of 10 (Start time: 06:19:13 PM, 31 December 2021)

Total Marks: 1

A 50% increase in all inputs results in more than 50% increase in output, this statement describes an aspect of ;

Select the correct option

- Increasing returns to scale
- Diseconomies of scale.
- Decreasing returns to scale
- Economies of scale. ✓

Click to Save Answer & Move to Next Question



Question # 2 of 10 (start time: 06:21:20 PM, 31 December 2021)

Total Marks: 1

The curve which shows the relationship between income and quantity demanded is called;

Select the correct option

- Supply Curve
- Philips Curve
- Cost Curve
- Ingal Curve

Question # 3 of 10 (start time: 06:22:30 PM, 31 December 2021)

Total Marks: 1

Setting up of credit information bureaus by banks is an example of

Select the correct option

- External economies of scale
- Internal economies of scale
- Returns to factor
- Internal diseconomies of scale

[Click to Show Answer & Move to Next Question](#)

Setting up of credit information bureaus by banks is an example of

Select the correct option

<input type="radio"/>	External economies of scale
<input type="radio"/>	Internal economies of scale
<input type="radio"/>	Returns to factor
<input type="radio"/>	Internal diseconomies of scale

Click to Save

Ali consumes only two goods, Apples and Oranges. If he is confronted with different combinations of Apples and Oranges that give him the equal level of satisfaction, then he will:

Select the correct option

- Choose any combination of Apples and Oranges.
- Buy only Apples.
- Buy more Apples than Oranges.
- Buy more Oranges than Apples.

Click to Save Answer & Move to Next Question

If marginal utility is equal to 50 and price is equal to 40, consumer surplus will be:

Select the correct option

- 100
- 10
- 20
- 90

Click to Save Answer & Move to Next Question

Question # 6 of 10 (Start time: 06:25:49 PM, 31 December 2021)

To

A firm is producing output by using two inputs i.e. labor and capital, paying wages to labor and rent to capital. Suppose price of one input increases, it shows that the isocost line:

Select the correct option

- Shifts inward
- Undergoes no change
- Shifts outward
- Pivots out

[Click to Save Answer & Move to Next Q](#)

Question # 7 of 10 (Start time: 06:26:47 PM, 31 December 2021)

Suppose firm A is producing bicycles. If demand for bicycles is increased and firm A has enough time to increase supply by employing more factors of production, then one can say that:

Select the correct option

- Firm A is operating in the short run.
- Firm A has inelastic demand curve for bicycles.
- Firm A has inelastic supply curve for bicycles.
- Firm A is operating in the long run.

How output of a business responds to a change in factor inputs is called;

Select the correct option

- | | |
|----------------------------------|-----------------------|
| <input type="radio"/> | Returns to scale |
| <input checked="" type="radio"/> | Returns to factor |
| <input type="radio"/> | Diseconomies of scale |
| <input type="radio"/> | Economies of scale |

Click to Save

Question # 9 of 10 (Start time: 06:29:00 PM, 31 December 2021)

The optimal consumption point for the consumer is a point where:

Select the correct option

- | | |
|----------------------------------|---|
| <input type="radio"/> | Slope of the indifference curve is equal to slope of the budget line. |
| <input type="radio"/> | All of the given options are true. |
| <input type="radio"/> | Marginal rate of substitution equals the relative price ratio. |
| <input checked="" type="radio"/> | Budget line is tangent to the highest possible indifference curve. |

Click to Save

A 50% increase in all inputs results in more than 50% increase in output, this statement describes an aspect of :

Select the correct option

- Diseconomies of scale.
- Increasing returns to scale
- Decreasing returns to scale
- Economies of scale. 



If marginal physical product is equal to average physical product:

Select the correct option

<input type="radio"/>	The average physical product will not change.
<input type="radio"/>	The total physical product will fall.
<input type="radio"/>	Total revenue will fall.
<input type="radio"/>	Average variable costs will fall.



A good whose consumption increases due to increase in its price is categorized as:

Select the correct option

- Giffen good
- Expensive good
- Normal Good
- Normal Good and inferior good

Click to Save Answer & Move to Next

Question # 3 of 10 (Start time: 00:20:00 PM, 21 SEPTEMBER 2021)

Suppose a firm is facing higher per unit cost due to increase in size of the industry. This implies that firm is experiencing:

Select the correct option

- External diseconomies of scale
- External economies of scale
- Internal economies of scale
- Internal diseconomies of scale

A firm is producing output by using two inputs i.e. labor and capital, paying wages to labor and rent to capital. Suppose isocost line inward, it shows that:

Select the correct option

- Price of labor and capital has been decreased
- Price of capital has been increased
- Price of labor has been increased
- Price of labor and capital has been increased

Click to Save Answer & Move to Next

Other things remaining the same, if Anam drinks more and more bottles of coke, her marginal utility from coke will:

Select the correct option

Reload M

- Increase
- Increase and then decrease
- Decrease
- Remains constant

Click to Save Answer & Move to N

If inputs used in the production of wheat are increased by 30 percent and wheat production increases by 20 percent, then there must

Select the correct option

- Constant returns to scale.
- Increasing returns to factor.
- Increasing returns to scale.
- Decreasing returns to scale.

Click to Save Answer & Move to Next Q

If money income of consumer rises, his budget line will:

Select the correct option

<input type="radio"/>	Shift Inward
<input checked="" type="radio"/>	Shift Outward
<input type="radio"/>	No Shift
<input type="radio"/>	Shift Crossword

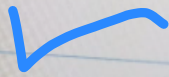
Click to Save Answer & Move to Next Q



In case of decreasing returns to scale isoquants:

Select the correct option

- Are equally spaced
- Become closer and closer to each other
- Undergo no change
- Become further and further apart from each other



Question # 10 of 10 (Start time: 08:57:30 PM, 31 December 2021)

The law of diminishing returns states that as more units of a variable factor are added to a fixed factor:

Select the correct option

- Marginal utility falls.
- The marginal product falls.
- The marginal product increases.
- The total product falls.



Question # 1 of 10 (Start time: 06:59:40 PM, 31 December 2021)

If two goods were perfect complements, their indifference curves would be:

Select the correct option

- | | |
|----------------------------------|-------------------------|
| <input type="radio"/> | Straight lines. |
| <input type="radio"/> | Parabolic. |
| <input checked="" type="radio"/> | L-shaped. |
| <input type="radio"/> | Rectangular hyperbolas. |



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b

If two goods were perfect substitutes, their indifference curves would be:

Select the correct option

- | | |
|----------------------------------|-------------------------|
| <input type="radio"/> | L-shaped. |
| <input type="radio"/> | Rectangular hyperbolas. |
| <input checked="" type="radio"/> | Straight lines. |
| <input type="radio"/> | Parabolic. |



The curve which shows the relationship between income and quantity demanded is called;

Select the correct option

- | | |
|----------------------------------|---------------|
| <input type="radio"/> | Cost Curve |
| <input type="radio"/> | Philips Curve |
| <input checked="" type="radio"/> | Engel Curve |
| <input type="radio"/> | Supply Curve |

The optimal consumption point for the consumer is a point where:

Select the correct option

- | | |
|----------------------------------|---|
| <input type="radio"/> | All of the given options are true. |
| <input type="radio"/> | Budget line is tangent to the highest possible indifference curve. |
| <input type="radio"/> | Marginal rate of substitution equals the relative price ratio. |
| <input checked="" type="radio"/> | Slope of the indifference curve is equal to slope of the budget line. |

A farmer has produced 500 tonnes wheat on 1 acre land by employing 10 workers. The average physical product in this case would be:

Select the correct option

- 5
- 50
- 10
- 500

Click to Save Answer & Move



Question # 6 of 10 (Start time: 07:04:18 PM, 31 December 2021)

Total Marks: 1

Suppose firm is producing 1000 units of a product by employing 80 units of labor and 40 units of capital. If the marginal physical product of labor (MPPL) and the marginal physical product of capital (MPPK) are 40 units and 50 units respectively, then marginal rate of technical substitution is:

Select the correct option

<input type="radio"/>	0.12
<input type="radio"/>	0.15
<input checked="" type="radio"/>	0.8
<input type="radio"/>	0.2

Click to Save Answer & Move to Next Question



Which of the following statements describes the presence of diminishing returns?

Select the correct option

- The marginal product of a factor is positive and rising.
- The marginal product of a factor is falling and negative.
- The marginal product of a factor is constant.
- The marginal product of a factor is positive but falling.

Click to Save Answer

An Indifference curve map shows a number of indifference curves corresponding to:

Select the correct option

- Same levels of utility
- Lower levels of utility
- Lower levels of commodities
- Different levels of utility

Click to

Question # 9 of 10 (Start time: 07:07:15 PM, 31 December 2021)

When the price of one good changes, the purchasing power of consumer changes, which effect consumer's;

Select the correct option

<input type="radio"/>	Engel Curve
<input type="radio"/>	Philip Curve
<input type="radio"/>	Supply Curve
<input type="radio"/>	Budget Line

Click to Save Answer & Move to Next Question



Question # 10 of 10 (Start time: 07:08:16 PM, 31 December 2021)

Which of the following is true for decreasing returns to scale?

Select the correct option

- 1% increase in the amount of all the factors employed causes 0.75% increase in output
- 1% increases in the amount of all the factors employed causes 3% increase in output
- 1% increase in the amount of all the factors employed causes 2% increase in output
- 1% increase in the amount of all the factors employed causes 1% increase in output

[Click to Save Answer &](#)

ECO401 – Introduction To Economics

FALL 2022 Mid term SOLVED File

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REMEMBER IN PRAYERS
KEEP SMILING
SAY NO TO CURRUPTION
HELP TO OTHERS

Regards,
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