

WORK SHEET  
UNIT-III

1. Which of the following is a factor of production?
  - A) Land
  - B) Labor
  - C) Capital
  - D) All of the above

**Answer:** D) All of the above
2. Production function shows the relationship between:
  - A) Cost and revenue
  - B) Inputs and outputs
  - C) Price and demand
  - D) Supply and demand

**Answer:** B) Inputs and outputs
3. In the short run, at least one factor of production is:
  - A) Variable
  - B) Fixed
  - C) Constant
  - D) Flexible

**Answer:** B) Fixed
4. Law of diminishing returns applies to:
  - A) Two variable inputs
  - B) One variable input
  - C) All inputs fixed
  - D) Long run only

**Answer:** B) One variable input
5. Returns to scale refer to changes in output when:
  - A) One input changes
  - B) All inputs change
  - C) Price changes
  - D) Demand changes

**Answer:** B) All inputs change
6. Increasing returns to scale occur when output increases:
  - A) Less than proportionately
  - B) More than proportionately
  - C) Equal proportion
  - D) Not at all

**Answer:** B) More than proportionately
7. Fixed cost is:
  - A) Dependent on output
  - B) Independent of output
  - C) Always variable
  - D) Always zero

**Answer:** B) Independent of output

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8. Which of the following is a variable cost?

- A) Rent
- B) Salaries
- C) Raw materials
- D) Insurance

**Answer:** C) Raw materials

9. In the long run, all costs are:

- A) Fixed
- B) Variable
- C) Constant
- D) Zero

**Answer:** B) Variable

10. Perfect competition is characterized by:

- A) Single seller
- B) Few sellers
- C) Many buyers and sellers
- D) No competition

**Answer:** C) Many buyers and sellers

11. Monopoly market has:

- A) Many sellers
- B) One seller
- C) Few sellers
- D) No buyers

**Answer:** B) One seller

12. Oligopoly consists of:

- A) One firm
- B) Two firms
- C) Few firms
- D) Many firms

**Answer:** C) Few firms

13. Monopolistic competition includes:

- A) Homogeneous products
- B) Differentiated products
- C) No products
- D) Government control

**Answer:** B) Differentiated products

14. Break-even point occurs when:

- A) Profit is maximum
- B) Loss is maximum
- C) Total revenue equals total cost
- D) Cost is zero

**Answer:** C) Total revenue equals total cost

15. Cost-volume-profit analysis helps in:

- A) Determining profit levels
- B) Ignoring costs

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C) Reducing output

D) Increasing taxes

**Answer:** A) Determining profit levels

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**FILL IN THE BLANKS**

1. Production function relates inputs to \_\_\_\_\_.  
**Answer:** output
2. Land, labor, and capital are called \_\_\_\_\_ of production.  
**Answer:** factors
3. The law of diminishing returns applies in the \_\_\_\_\_ run.  
**Answer:** short
4. Returns to scale are observed in the \_\_\_\_\_ run.  
**Answer:** long
5. Fixed costs do not change with \_\_\_\_\_.  
**Answer:** output
6. Variable costs change with \_\_\_\_\_.  
**Answer:** output
7. Perfect competition has \_\_\_\_\_ sellers.  
**Answer:** many
8. Monopoly has \_\_\_\_\_ seller.  
**Answer:** one
9. Break-even point is when total cost equals total \_\_\_\_\_.  
**Answer:** revenue
10. CVP stands for cost-volume-\_\_\_\_\_ analysis.  
**Answer:** profit

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