Ph.D. (Economics)

1. The difference between average total cost and average fixed cost shows

   (a) Normal profits (b) Implicit costs (c) Variable costs (d) Opportunity costs

2. The difference between average cost and average revenue is

   (a) Total profit (b) Average profit (c) Net profit (d) Gross profit (e) Marginal profit

3. All the following curves are U-shaped except

   (a) The AVC curve (b) The AFC curve (c) The AC curve (d) The MC curve

4. MC is given by

   (a)The slope of the TFC curve
   (b) The slope of the TVC curve but not by the slope of the TC curve
   (c)The slope of the TC curve but not by the slope of the TVC curve
   (d)Either the slope of the TVC curve or the slope of the TC curve

5. The MC curve reaches its minimum point before the AVC curve and the AC curve. In addition, the MC curve intersects the AVC curve and the AC curve at their lowest points. The above statement are both true

   (a) Always (b) Never (c) Often (d) Sometimes

6. Match the following

A) Opportunity costs	i) Air pollution
B) Social costs	ii) Normal profits
C) Implicit cost	iii) Wage payments interest payments
D) Explicit cost	iv) Value of labour in alternative jobs

   (a) A+ii, B+iii, C+iv, D+i (b) A+iv,B+i,C+ii,D+iii
   (c) A+iv, B+i,C+iii,D+ii (d) A+i,B+iv, C+ii,D+iii

7. At the shut-down point

   (a) P=AVC (b) TR=TVC (c) The total losses of the firm equal TFC (d) All the above

8. At the best short-run level of output, the firm will be

   (a) maximizing total profits (b) maximizing total losses
   (c) either maximizing total profits or minimizing total losses (d) maximizing profits per unit