UNIT-III: Production, Cost, Market Structures & Pricing

Part A: Fill in the Blanks (10)

1. The basic inputs required for producing goods and services are called __________ of production.
   Answer: Factors
2. The relationship between inputs and outputs is known as the __________ function.
   Answer: Production
3. When all inputs are increased in the same proportion, the result is called __________ to scale.
   Answer: Returns
4. The cost that remains constant regardless of the level of output is called __________ cost.
   Answer: Fixed
5. Costs that vary with the level of production are known as __________ costs.
   Answer: Variable
6. In the __________ run, at least one factor of production remains fixed.
   Answer: Short
7. A market with a single seller is called a __________.
   Answer: Monopoly
8. A market consisting of a few large firms is known as an __________.
   Answer: Oligopoly
9. The point where total revenue equals total cost is called the __________ point.
   Answer: Break-even
10. __________ analysis studies the relationship among cost, volume, and profit.
    Answer: Cost-Volume-Profit (CVP)

Part B: Multiple Choice Questions (10)

1. Which of the following is a factor of production?
   a) Land
   b) Labour
   c) Capital
   d) **All of the above**

   Answer: d) All of the above

2. A production function shows the relationship between:
   a) Price and Demand
   b) Input and Output
   c) Cost and Revenue
   d) Profit and Sales

   Answer: b) Input and Output

3. Which cost does not change with the level of production?
   a) Variable Cost
   b) Fixed Cost
   c) Marginal Cost
   d) Average Cost

   Answer: b) Fixed Cost

4. Which of the following is a variable cost?
   a) Factory Rent
   b) Insurance
   c) Cost of Raw Materials
   d) Building Tax

   Answer: c) Cost of Raw Materials

5. A market with many buyers and many sellers is called:
   a) Monopoly
   b) Oligopoly
   c) Monopolistic Competition
   d) Perfect Competition

   Answer: d) Perfect Competition

6. A monopoly market has:
   a) One seller
   b) Two sellers
   c) Many sellers
   d) Few sellers

   Answer: a) One seller

7. Which market structure is characterized by a few dominant firms?
   a) Monopoly
   b) Oligopoly
   c) Perfect Competition
   d) Monopsony

   Answer: b) Oligopoly

8. The break-even point is where:
   a) Total Cost > Total Revenue

b) Total Revenue > Total Cost
c) Total Revenue = Total Cost
d) Profit is Maximum

Answer: c) Total Revenue = Total Cost

9. Cost-Volume-Profit (CVP) analysis helps managers to:
a) Determine tax liability
b) Analyze the relationship between cost, sales volume, and profit
c) Prepare balance sheets
d) Calculate depreciation

Answer: b) Analyze the relationship between cost, sales volume, and profit

10. Pricing based on different stages of a product's life is known as:
a) Penetration Pricing
b) Product Life Cycle Pricing
c) Cost-Plus Pricing
d) Skimming Pricing

Answer: b) Product Life Cycle Pricing