

Economics worksheet - 4 (production and cost)

Class xii

Q1. When TP increases at increasing rate MP also:

- a) Increases b) decreases c) remains constant d) none

Q2. Which one of the following is the example of fixed cost:

- a) License fee b) cost of raw material c) wages of casual labour
(d) Expenses on transportation

Q3. Define- production function, Total Product, Average Product, Marginal Product.

Q4. What is the difference between Short Run and Long Run?

Q5. What is the law of diminishing marginal productivity? Give reasons

Q6. AP will increase only when MP will increase. Agree or disagree

Q7. What are the total fixed cost, total variable cost and total cost of a firm? How are they related?

Q8. What are the average fixed cost, average variable cost and average cost of a firm? How are they related?

Q9. Can there be some fixed cost in the long run? If not, why?

Q10. What does the average fixed cost curve look like? Why does it look so?

Q11. At which point does the SMC curve cut the SAC curve? Give reason in support of your answer.

Q12. Why is the short run marginal cost curve 'U'-shaped