Assignment Class Eco

Revenue, cost and production function

Time Allowed: 45 mins. Maximum Marks: 25

Q No 1 to 7 are 1 Mark Questions

Q-1 When total revenue is constant, what will be the effect on average revenue?

a) AR will fall b) AR will increase c) AR will also constant d) No effect on AR

Q-2 IF a firm's total revenue curve takes the form of a straight line which passes through the origin,then

a) Price> Marginal revenue b) Price= Marginal Revenue c) Price< Marginal Revenue d) None

Q-3 Minimum point of MC curve comes before the minimum point of

a) AC curve b) AVC curve c) Both A and B d)Neither A or B

Q-4 Minimum point of AC occurs to the right of minimum point of

a) TC b) TVC c)AFC d) AVC

Q-5 Firm produces zero output in the short period, then

a) Total cost will be zero b) Variable cost will be positive c) fixed cost will be positive
d) Marginal cost will be positive

Q-6 With which of the following the concept of marginal cost is closely related?

a) Variable cost b) Fixed cost c) Opportunity cost d) Implicit cost

Q-7 What happens to AP, when MP is more than AP?

a) AP rises b) AP falls c) AP remains constant d)None

Q-8 What are the different phases in the Law of Variable proportions in terms of Marginal Product? Give reason behind each phase. Use Diagram. (6)

Q-9 Find out Explicit and Implicit cost from the following: (3)

1) Investment in fixed assets	2000
2) Borrowings @12% interest per annum	1500
3) Wages	120
4) Annual rental value of the owners factory building	100

5) Annual Depreciation	100
6) Estimated value of management services of owner	240

Q-10 Describe relationship between AC, AVC and AFC with the help of Diagram. (4)

Q-11 Describe relationship between TR and MR (when price falls with rise in output).(4)