NAAHAR PUBLIC (CBSE) SCHOOL
VILLUPURAM

SUBJECT: ECONOMICS
CLASS: XI A3

I. Choose the correct answer:

1. In production function, production is a function of ....
a) Price b) Factors of production c) Total expenditure d) None of these.

Ans: Factors of production.

2. Which of the following explains the short run production function?
a) Law of Demand b) Law of variable proportion c) Returns to scale d) Elasticity of demand

Ans: Law of Variable proportion

3.The alternative name of opportunity cost is
a) Economic cost b) Equilibrium Price c) Marginal cost d) Average cost

Ans: Economic cost

4. The shape of average cost curve is .....
a) U - shaped b)Rectangular hyperbola c) Line parallel to x axis
d) None of these.

Ans: U -shaped.

5. In perfect competition
a) AR = MR b) AR > MR c) MR < MC d) MR = MC = 0

Ans: MR = MC

Fill in the blanks:

1. Short term production function is known as........
Ans: Law of Variable proportion.
2. Returns to scale is related to ....
Ans: Long term
3. A producer is in the state of equilibrium when he earns ....
Ans: Profit
4. Law of supply shows ...... relation between price and supply.
Ans: Direct
5. Increase in income from a unit of production is called......
Ans: Marginal cost.

Answer the following in brief:

1.Explain the concept of a production function.

Ans: The Production function of a firm depicts the relationship between the inputs used in the production process and the final output.

Production function = Qx = f(L,K)

2. What is law of variable proportion ?

According to the law of variable proportions.if more and more units of the variable factor are combined with the same quantity of the fixed factor,then initially the total product will increase but gradually after a point the total product will start diminishing.

3. What is the total product of an output?

Ans: Total product is defined as the sum of output produced by a firm by employing a particular input.

TP = Summation Qx.

4.Briefly explain the concept of the cost function.

Ans: The functional relationship between the cost of production and the output is called the cost function.

C = f (Qx)

5.What is the average product of an input?

The output produced by per unit of variable factor employed.

The ratio of the total product by units of labour employed to produce the output.

AP = TP/L

Answer the following in detail:

Relationship between marginal product and the total product can be represented graphically as.

TP increases at an increasing till point K . When more and more units of labour are employed.

The point K is known as point of inflexion.

At this point MP attains it's maximum value at point U.

After point K,TP increases but at a decreasing rate.

MP starts falling after reaching its maximum level at point U.

When TP starts falling after B MP become negative.

MP = $\Delta TP/\Delta L$.