INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce
Worksheet: 1	Topic: Production and Cost

MCQs

1. Which of the following does not cause shift of supply curve of a good?
   a. Price of input
   b. Price of the good
   c. GST
   d. Subsidy

2. Due to change in price, if there is more than proportionate change in quantity supplied of a good, the supply is considered to be:
   a. Perfectly elastic
   b. Relatively inelastic
   c. Relatively elastic
   d. Perfectly inelastic

3. Which of the following curves is not affected by fixed cost?

   a. MC
   b. TC
   c. AC
   d. AFC

4. In the short run, when a firm produces zero output, its total cost is equal to::
   a. Zero
   b. Variable cost
   c. Fixed cost
   d. Marginal cost

5. The expenditure incurred on the factors of production supplied by the entrepreneur himself comes under:
   a. Implicit cost
   b. Explicit cost
   c. Fixed cost
   d. Variable cost

6. The change in the total product resulting from a change in a variable input is:
   a. Average cost
   b. Average product
   c. Marginal cost
   d. Marginal product

7. Whenever MR becomes negative, TR:
   a. Becomes maximum
   b. Starts increasing
   c. Starts decreasing
   d. Remains constant

8. Which of the following two curves start from the same point on the Y axis?

   a. TVC and TFC
   b. TFC and AVC
   c. TFC and TC
   d. TFC and AFC

9. A production function states that there exists a technical relationship between:
   a. Input prices and output prices
   b. Input prices and quantity of output
   c. The quantity of inputs and the quantity of output.
   d. The quantity of inputs and input prices.

10. Marginal product, mathematically, is the slope of the
    a. Total product curve
    b. Average product curve
    c. Marginal product curve
    d. Implicit product curve

AR Questions:

Alternatives:
(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
(b) BothAssertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
(c)Assertion (A) is true but Reason (R) is false.
(d) Assertion (A) is false but Reason (R) is true.

Read the following statements carefully–Assertion (A) and Reason (R) and choose the correct alternative

1. **Assertion (A):** Contraction in supply leads to a downward movement along the same supply curve.
   Reason (R): Downward movement along the same supply curve occurs due to rise in price of the same commodity, other things remaining constant.

2. **Assertion (A):** TC and TVC curves are parallel to each other.
   Reason (R): The vertical distance between and TC and TVC curves is the TFC which remains constant for all levels of output.

3. **Assertion (A):** When price remains constant for all levels of output, then the TR curve is a positively sloped straight line.
   Reason (R): In case of constant prices, MR is constant, i.e TR increases at a constant rate.

Statement Based Questions:

Alternatives:
(a)Both the statement are true
(b) Both the statement are false
(c) Statement 1 is true and Statement 2 is false
(d) Statement 2 is true and Statement 1 is false

4. Statement I: Total Product rises at a diminishing rate when Marginal Product is falling but remains positive.
   Statement II: Marginal Product shows the addition to Total Product from employing one more unit of variable factor.

5. Statement I: Total Fixed Cost remains unchanged with a change in output.
   Statement II: Fixed costs are incurred even when output is zero.

Numericals:

1. The following table gives the MP of a particular product: Calculate TP and MP when it is known that TP at zero level of Lab is zero:

Labours	1	2	3	4	5
MP	50	110	150	180	150

2. Compute TVC, TFC, AVC, AFC, ATC, MC from the following data if AFC at one unit of production is Rs 60:

Output	1	2	3	4	5	6	7	8
TC	90	105	115	120	135	160	200	260

3. A firm's SMC schedule is given below. TFC of the firm is Rs 100. Calculate TVC TC AVC SAC.

Labour	0	1	2	3	4	5	6
SMC	-	500	300	200	300	500	800

4. The following schedule gives the TC of the firm. AFC at 4 units of output is Rs 5 per unit. Find TVC TFC AVC AFC SAC and SMC for the corresponding values of output.

Labour	1	2	3	4	5	6
TC	50	65	75	95	130	185

5. The price of apples rises from ₹20 per kg to ₹25 per kg. As a result, quantity supplied rises from 100 kg to 150 kg. Calculate price elasticity of supply.

6. The price of a product falls from ₹50 to ₹40 per unit. Its quantity supplied falls from 200 units to 160 units. Find the elasticity of supply.

7. The elasticity of supply of a commodity is 2. Its original price is ₹10 and original quantity supplied is 500 units. If price rises by ₹2, find the change in quantity supplied.

8. At a price of ₹40, a producer supplies 1,000 units. The elasticity of supply is 1.25. If supply rises by 250 units, find the new price.