

ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian minority Institution

Subject: Economics Class- XI

Date:9/11/2020

Worksheet-2

Chapter- The basics of factor market

Topic- Marginal revenue product, average revenue product, marginal factor cost and

Average factor cost

- 1. Choose the correct alternative.1x15=15
 - a) When average product is increasing it implies i) marginal product is also increasing ii) marginal product is decreasing iii) marginal product is greater than average product iv) none of these
 - b) Total revenue product of labours is i) total revenue that the firm gets by employing different units of labour ii)change in total revenue for employing one additional unit of labour iii) total revenue per unit of labour iv) none of these
 - c) With first unit of employment of labour if Total revenue product is Rs 50, then average revenue product is i) Rs 25 ii) Rs 35 iii) Rs 50 iv) none of these
 - d) When units of labour is 4 and total product is 32 units at the price Rs 5 then find average revenue product is i) Rs 40 ii) Rs 60 iii) Rs 30 iv) none of these

Units of labour	Total product	price
	20	5
1		
	26	5
2		
	34	5
3		
	38	5
4		

e)What is marginal revenue product of second unit of labour is i) Rs 40 ii) Rs 30 iii) Rs 20 iv) none of these

f)Average revenue product of second unit is i) Rs 65 ii) Rs 70 iii) Rs 75 iv) Rs 80

g)What is marginal revenue product of 4th unit of labour?

i) Rs40 ii) Rs 30 iii) Rs 20 iv) none of these

labour iv) none of these

h)when total revenue product increases, marginal revenue product is i) positive ii) negative iii) zero iv) none of these

i)When total revenue product is constant then marginal revenue product is i) zero ii)positive iii) negative iv) none of these

j)By multiplying marginal product by price we get i) total revenue product ii) marginal revenue product iii) average revenue product iv) none of thesek)If wage rate is fixed for all the units of labour then marginal factor costi) that fixed amount for all units of labour ii) will be different for different units of labour iii) will be increasing with the additional employment of

Unit of labour	wage	Total factor cost
1	5	5
2	6	12
3	7	21
4	8	32

l) From the above table what is the marginal factor cost of second unit of labour?i) Rs 5 ii) Rs 7 iii) Rs 10 iv) none of these

m)From the above table What is the average factor cost of third unit of labour? i) Rs7 ii) Rs 11 iii) Rs 9 iv) none of these

n) From the above table what is the average factor cost of fourth unit of labour?

i) Rs 9 ii) Rs 10 iii)Rs 8 iv) none of these

o) From the above table what is the marginal factor cost of fourth unit of labour?

i) Rs 11 ii) Rs 9 iii) Rs 7 iv)none of these

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