

BCM SCHOOL, BASANT AVENUE, DUGRI ROAD, LUDHIANA
CLASS - XI
SUBJECT - ECONOMICS
OCTOBER, 2024 ASSIGNMENT

Q.1 Define variable cost. State the behaviour of total variable cost as output increases.
(3 marks)

Q.2 State the reason why Total Variable Cost (TVC) curve and Total Cost (TC) curve are parallel to each other.
(1 mark)

Q.3 State the reason behind U-shape nature of Average Variable Cost curve.
(1 mark)

Q.4 What is the behaviour of average fixed cost as output is decreased and why?
(1 mark)

Q.5 What is the shape of TC and TVC curves Why are TC and TVC curves parallel to each other? Explain.
(3 marks)

Q.6 What does a (i) fall in average cost (ii) rise in average cost and (iii) constant average cost mean?
(3 marks)

Q.7 Why does the difference between ATC and AVC decrease as output increases?
(3 marks)

Q.8 Why does the minimum point of AC curve fall towards right of minimum point of AVC curve?
(3 marks)

Q.9 Answer the followings questions: (3 marks)
(i) What does the average fixed cost curve look like?
(ii) What do the short run marginal cost, average variable cost and average cost curves look like?

Q.10 Explain the relationship between Total cost and Marginal cost.
(3 marks)

Q.11 AVC curve is a U-shaped curve. Why?



(4 marks)

Q.12 Short run AC curve is U-shaped. Why?

(4 marks)

Q.13 Identify implicit cost and explicit cost in each of the following cases:

(6 marks)

- (i) An individual is both the owner and the manager of a shop taken on rent.
- (ii) A producer borrows money and opens a shop. The shop premises is owned by him.
- (iii) A producer invests his own savings in starting a business and employs a manager to look after it.

Q.14 State giving reasons whether the following statements are true or false.

(6 marks)

- (a) With increase in level of output, average fixed cost goes on falling till it reaches zero.
- (b) Marginal cost is not affected by total fixed cost.
- (c) As soon as marginal cost starts rising, average variable cost also starts rising.

Q.15 State giving reasons whether the following statements are true or false.

(6 marks)

- (a) Total cost can never be constant.
- (b) Average cost falls only when marginal cost falls.
- (c) The difference between average total cost and average variable cost is constant.

