

1. (d)

2. (b)

3. (a)

4. (a)

$ATC - AVC = AFC$ and $AFC = TFC/Output$. As output increases AFC decreases because TFC remains constant. So the difference between AC and AVC decreases with increase in output.

AC is the sum of AFC and AVC. The minimum point of AC curve falls toward the right of the minimum point of AVC curve because after a certain level of output AVC starts rising but AC still falls due to decrease in AFC. AC falls because fall in AFC is greater than the rise in AVC.

7. Table:

| Output | TVC | AVC | MC |
|--------|-----|-----|----|
| 1 | 12 | 12 | 12 |
| - | 20 | 10 | 8 |
| - | 30 | 10 | 10 |
| - | 40 | 10 | 10 |