



**V.M.G. RAJASEKARAN – RAMANI
SRI SARADA SAKTHI
MAT. HR. SEC. SCHOOL
QUARTERLY EXAMINATION ANSWER KEY-2024**

GRADE: XI

ECONOMICS

MARKS: 90

Multiple choice questions

20x1=20

1.	b)Adam smith	11.	b)wage
2.	b)Inductive method	12.	b)Precautionary motive
3.	a)Law of equi –marginal Utility	13.	d)Year of Great Divide
4.	b)Higher subsidy	14.	b)Crude birth date
5.	d)Lan and labour	15.	a)M.S.Swaminathan
6	d)All of the above	16.	b)Industrial
7.	b)TVC/Q	17.	d)1997-2002
8.	a)125	18.	b)8 th
9.	c)TR > TC	19.	b)N.W.Senior
10	c)Relatively elastic	20.	d)All of them

PART-B

II)ANSWER ANY SEVEN OF THE FOLLOWING QUESTIONS:

7X2=14

Q.NO 30 IS COMPULSORY

21) Define Microeconomics

- Micro Economics is the study of the economic actions of individual units say households, firms or industries.
- It studies how business firms operate under different market conditions and how the combined actions of buyers and sellers determine prices.

22) State the meaning of indifference curves

- (i)An indifference curve is the locus of all combinations of commodities from which the consumer derives the same level of satisfaction.
- (ii) Indifference curves are also called “Iso - Utility Curve” or “Equal Satisfaction Curve”.

23)Define Labour

Marshall

★ Labour represents services provided by the factor labour, which helps in yielding an income to the owner of the labour-power.

24)Define Cost

★ Cost refers to the total expenses incurred in the production of a commodity.

25)Define Market.

In Economics, the term „market“ refers to a system of exchange between the buyers and the

S.JEYANTHI PG ASST

sellers of a commodity.

26) Mention the types of distribution.

(i) Personal Distribution

⇒ Personal Distribution is the distribution of national income among the individuals.

(ii) Functional Distribution

⇒ Functional Distribution means the distribution of income among the four factors of production namely land, labour, capital and organisation for their services in production process.

27) Give a short note on Sen's Choice of Technique.

Sen's „Choice of Technique“ was a research work where he argued that in a labour surplus

economy, generation of employment cannot be increased at the initial stage by the adaptation of capital- intensive technique.

28)What are the objectives of Tenth Five –year plan?

This plan aimed to double the per capita income of India in the next 10 years.

(ii) It aimed to reduce the poverty ratio to 15% by 2012.

(iii) Its growth target was 8.0% but it achieved only 7.2%.

29)What is Mixed Economy?

India has a mixed economy

(i) Indian economy is a typical example of mixed economy.

(ii) This means both private and public sectors coexist and function smoothly.

30) Explain plan Holiday.

During this period, annual plans were made and equal priority was given to agriculture, its allied sectors and the industry sector.

PART-C

III)ANSWER ANY SEVEN OF THE FOLLOWING QUESTIONS:

7X3=21

Q.NO 40 IS COMPULSORY

31)What are the crucial decision involving “What is produced”?

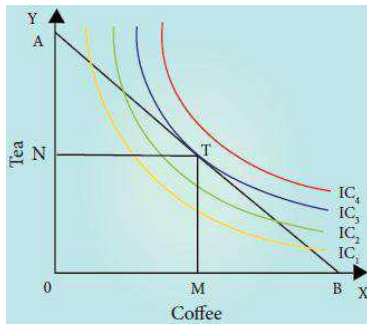
(i)Whether to produce more of food, clothing and housing or luxury goods.

(ii) Whether to have more agricultural goods or to have industrial goods and services.

(iii) Whether to use more resources in education and health or to use more resources in military services.

(iv) Whether to have more consumption goods or to have investment goods.

(v) Whether to spend more on basic education or higher education.

32) Briefly explain the concept of consumer's Equilibrium.**Diagram Explanation**

(i) The consumer reaches equilibrium at the point where the budget line is tangent on the indifference curve.

(ii) T is the point of equilibrium as budget line AB is tangent on indifference curve IC3 the upper IC which implies maximum possible level of satisfaction.

(iii) At equilibrium point, the slope of IC refers to MRS_{XY} and the slope of BL (Budget Line) refers to ratio of price of X to price of Y i.e. P_x/P_y .

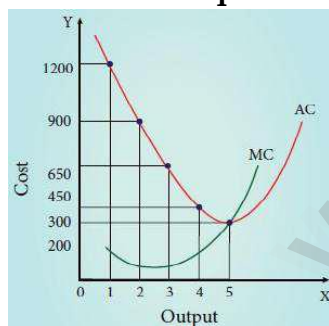
(iv) Therefore $MRS_{x, y} = P_x/P_y$.

33) Bring out the Relationship among Total, Average and Marginal products.

Stages	Total Product	Marginal Product	Average Product
Stage - I	Initially it increases at an increasing rate and then increases at a decreasing rate.	At the beginning it increases, then reaches a maximum and starts to decrease.	At the first instant it increases, then attains maximum.
Stage - II	It continues to increase at a diminishing rate and reaches maximum.	It continues to diminish and becomes equal to zero.	It is equal to MP and then begins to diminish.
Stage-III	It diminishes.	It becomes negative.	It continues to diminish but always greater than zero (positive)

34) State the relationship between AC and MC.

There is a unique relationship between the AC and MC curves.

**Diagram Explanation**

(i) When AC is falling, MC lies below AC.

(ii) When AC becomes constant, MC also becomes equal to it.

(iii) When AC starts increasing, MC lies above the AC.

(iv) MC curve always cuts AC at its minimum point from below.

35) State the features of Duopoly

Each seller is fully aware of his rival's motive and actions.

(ii) Both sellers may collude (they agree on all matters regarding the sale of the commodity).

(iii) They may enter into cut-throat competition.

(iv) There is no product differentiation.

(v) They fix the price for their product with a view to maximising their profit.

36) Briefly explain the waiting theory of Interest.

- Marshall accepted the Abstinence Theory of interest.
- But he used the word 'waiting' instead of "abstinence".
- Saving implies waiting.
- According to him, interest is the reward for waiting.
- Saving involves waiting.
- But people do not like to wait. So, in order to make them wait and in turn to save, we have to pay them some reward.

37) Write on short note on Village Sarvodaya.

(i) According to Gandhi, "Real India was to be found in villages and not in towns or cities."

(ii) So he suggested the development of self sufficient, self dependent villages.

38) Name the different types of land tenure existed in India before independence.**I. Zamindari System**

(i) Under this system the landlords or the Zamindars were declared as the owners of the land

and they were responsible to pay the land revenue to the government.

(ii) The share of the government in total rent collected was fixed at 10/11th, the balance going to the Zamindars as remuneration.

II. Mahalwari System

(i) The ownership of the land was maintained by the collective body usually the villagers which served as a unit of management.

(ii) They distributed land among the peasants and collected revenue from them and pay it to the state.

III. Ryotwari System

(i) Under this system the ownership rights of use and control of land were held by the tiller himself.

(ii) There was the direct relationship between owners and tillers.

39) Explain education system in India

- *Nursery Class*
- *Primary Class*
- *Secondary Level*
- *Higher Secondary Level*
- *Graduation*
- *Post-Graduation*

40) What are sources of Monopoly power?**Natural Monopoly:**

Ownership of the natural raw materials [Eg. Gold mines (Africa), Coal mines, Nickel (Canada) etc.]

2. State Monopoly:

Single supplier of some special services (Eg. Railways in India)

3. Legal Monopoly:

A monopoly firm can get its monopoly power by getting patent rights, trade mark from the government.

PART-D

IV. ANSWER ALL THE QUESTIONS

7X5=35

41)a) Describe the performance of 12th five year plan in India.

First Five Year Plan (1951-1956)

- (i) Its main focus was on the agricultural development of the country.
- (ii) This plan was successful and achieved the GDP growth rate of 3.6%.

Second Five Year Plan (1956-1961)

- (i) Its main focus was on the industrial development of the country.
- (ii) This plan was successful and achieved the growth rate of 4.1%.

Third Five Year Plan (1961-1966)

- (i) This plan was to make the economy independent.
- (ii) To reach self propelled position or take off.

Plan Holiday (1966-1969)

★ During this period, annual plans were made and equal priority was given to agriculture, its allied sectors and the industry sector.

Fourth Five Year Plan (1969-1974)

- (i) There are two main objectives of this plan.
- (ii) Growth with stability and progressive achievement of self reliance.

Fifth Five Year Plan (1974-1979)

- (i) In this plan top priority was given to agriculture, next came industry and mines.
- (ii) Overall this plan was successful, which achieved the growth rate of 4.4%.

Rolling Plan

★ This plan was started with an annual plan for 1978-79 and as a continuation of the terminated fifth year plan.

Sixth Five Year Plan (1980-1985)

- (i) This plan was poverty eradication and technological self reliance.
- (ii) It was based on investment yojana.

Seventh Five Year Plan (1985-1990)

- (i) This plan included establishment of the self sufficient economy and opportunities for productive employment.
- (ii) Private sector got the priority over public sector.

Annual Plans

★ Two annual programmes are formed in 1990-91 & 1991-92.

Eighth Five Year Plan (1992-1997)

- (i) This plan the top priority was given to development of the human resources.
- (ii) During this plan, New Economic Policy of India was introduced.

Ninth Five Year Plan (1997-2002)

★ The main focus of this plan was "growth with justice and equity".

Tenth Five Year Plan (2002-2007)

★ This plan aimed to double the per capita income of India in the next 10 years.

Eleventh Five Year Plan (2007-2012)

★ Its main theme was "faster and more inclusive growth".

Twelfth Five Year Plan (2012-2017)

- (i) Its main theme is "Faster, More Inclusive and Sustainable Growth".
- (ii) Its growth rate target is 8%

41)b) Bring out the relationship between AR and MR curves under various price conditions..

Declining AR and MR (at Declining Price)

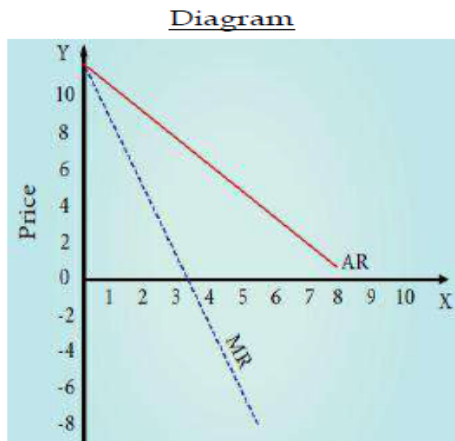


Table - AR, TR, MR at declining price

Quantity Sold (Q)	Price (P) / Average Revenue (AR) ₹	Total Revenue (TR) ₹	Marginal Revenue (MR) ₹
1	10	10	-
2	9	18	8
3	8	24	6
4	7	28	4
5	6	30	2
6	5	30	0
7	4	28	-2
8	3	24	-4
9	2	18	-6
10	1	10	-8

Explanation

- (i) When a firm sells large quantities at lower prices both AR and MR will fall but the fall in MR will be more steeper than the fall in the AR.
- (ii) It is to be noted that MR will be lower than AR.
- (iii) Both AR and MR will be sloping downwards straight from left to right.
- (iv) The MR curve divides the distance between AR Curve and Y axis into two equal parts.
- (v) The decline in AR need not be a straight line or linear.

- ★ If a firm is able to sell additional units at the same price then AR and MR will be constant and equal.
- ★ If the firm is able to sell additional units only by reducing the price, then both AR and MR will fall and be different.

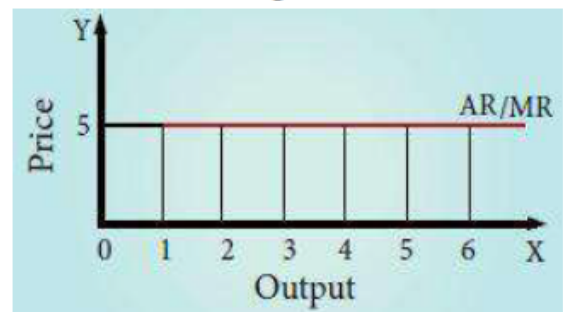
Constant AR and MR (at Fixed Price)

- (i) When price remains constant or fixed, the MR will be also constant and will coincide with AR.
- (ii) Under perfect competition as the price is uniform and fixed, AR is equal to MR and their shape will be a straight line horizontal to X axis.

Table TR, AR, MR - Constant price

Quantity Sold (Q)	Price (P) ₹	Total Revenue (TR) ₹	Average Revenue (AR) ₹	Marginal Revenue (MR) ₹
1	5	5	5	5
2	5	10	5	5
3	5	15	5	5
4	5	20	5	5
5	5	25	5	5
6	5	30	5	5

Diagram



42)a) Salient Features of Gandhian Economic Thought**(i) Village Republics**

- ⇒ To Gandhi, India lives in villages.
- ⇒ He was interested in developing the villages as self sufficient units.
- ⇒ He opposed extensive use of machinery, urbanization and industrialization.

(ii) On Machinery

- ⇒ Gandhi described machinery as „Great sin“.
- ⇒ He said that “Books could be written to demonstrate its evils.
- ⇒ It is necessary to realize that machinery is bad.

(iii) Industrialism

- ⇒ Gandhi considered industrialism as a curse on mankind.

(iv) Decentralization

- ⇒ He advocated a decentralized economy.
- ⇒ That is production at a large number of places on a small scale or production in the people’s

homes.

(v) Village Sarvodaya

- ⇒ According to Gandhi, “Real India was to be found in villages.
- He suggested the development of self sufficient, self dependent villages.

(vi) Bread Labour

- ⇒ Gandhi realized the dignity of human labour.
- ⇒ Bread labour or body labour was the expression that Gandhi used to mean manual

labour.

(vii) The Doctrine of Trusteeship

- ⇒ Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one.

(viii) On the Food Problem

- ⇒ Gandhi was against any sort of food controls.
- ⇒ He thought such controls only created artificial scarcity.

(ix) On Population

- ⇒ Gandhi was in favour of birth control through Brahmacharya or self control.

(x) On Prohibition

- ⇒ Gandhi advocated cent per cent prohibition.
- ⇒ He regarded the use of liquor as a disease rather than a vice.

42)b) Examine the Law of Variable Proportions with the help of a diagram. Definition

According to G.Stigler, “As equal increments of one input are added, the inputs of other productive services being held constant, beyond a certain point, the resulting increments of product will decrease, i.e., the marginal product will diminish”

Meaning

The law of variable proportions states that as the quantity of one factor is increased, keeping the other factors fixed, the marginal product of that factor will eventually decline.

Assumptions

1. Only one factor is variable while others are held constant.
2. All units of the variable factor are homogeneous.
3. The product is measured in physical units.

Total Product (TP)

It refers to the total amount of commodity produced by the combination of all inputs

$$TP = \sum M$$

Average Product (AP)

It is the result of the total product divided by the total units of the input employed.

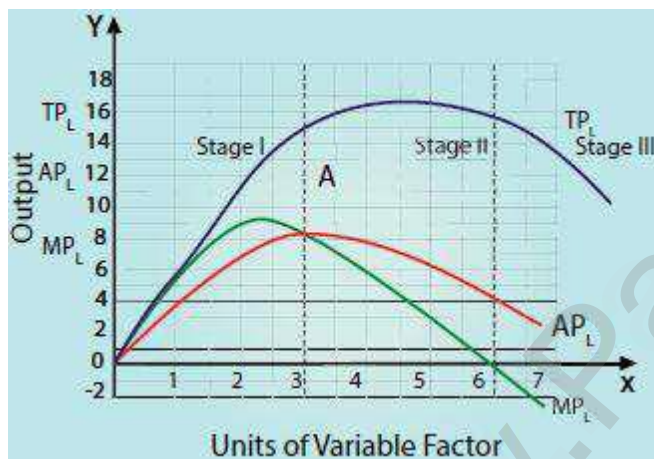
$$AP = TP/N$$

Marginal Product (MP)

It is the addition or the increment made to the total product

$$MP = \Delta TP / \Delta N (\text{or})$$

$$MP = TP (n) - TP (n-1)$$



Stages	TP	MP	AP
Stage I	increases at an increasing rate	beginning it increases, reaches a maximum and starts to decrease	increases, then attains maximum
Stage II	increase at a diminishing rate and reaches maximum	diminish and becomes equal to zero	equal to MP and then begins to diminish
Stage III	Diminishes	becomes negative	continues to diminish but always greater than zero

43)a) Illustrate the Ricardian Theory of Rent.

★ The Classical Theory of Rent is called "Ricardian Theory of Rent".

Rent

★ "Rent is that portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil".

Assumptions

- (i) Land differs in fertility.
- (ii) The law of diminishing returns operates in agriculture.
- (iii) Rent depends upon fertility and location of land.
- (iv) Theory assumes perfect competition.
- (v) It is based on the assumption of long period.
- (vi) There is existence of marginal land or no-rent land.
- (vii) Land has certain original and indestructible powers.
- (viii) Land is used for cultivation only.
- (ix) Most fertile lands are cultivated first.

Statement of the Theory with Illustration

- ★ Assume that some people go to a newly discovered island and settle down there.
- ★ There are three grades of land, namely A, B and C in that island.
- ★ „A“ being most fertile, „B“ less fertile and „C“ the least fertile.

„A“ Grade Land

- (i) They will first cultivate all the most fertile A grade land.
- (ii) Given a certain amount of labour and capital, the yield per acre on „A“ grade land is 40 bag of paddy.

„B“ Grade Land

- (i) Suppose another group of people goes and settles down in the same island after some time.
- (ii) They cultivate „B“ grade less fertile land and the yield per acre is 30 bags of paddy.
- (iii) The surplus of 10 bags [40-30] per acre appears on „A“ grade land.
- (iv) This is "Economic Rent" of „A“ grade land.

„C“ Grade Land

- (i) Suppose yet another group of people goes and settles down in the same island.
- (ii) They cultivate „C“ grade least fertile land and the yield per acre is 20 bags of paddy.
- (iii) This surplus of „A“ grade land is now raised to 20 bags [40-20].
- (iv) It is the "Economic Rent" of „A“ grade land.
- (v) The surplus of „B“ grade land is 10 bags [30-20].
- (vi) This is the economic rent of „B“ grade land.
- (vii) In „C“ grade land, cost of production is just equal to the price of its produce and therefore does not yield any rent (20 - 20).
- (viii) Hence, „C“ grade land is called "no-rent land or marginal land".

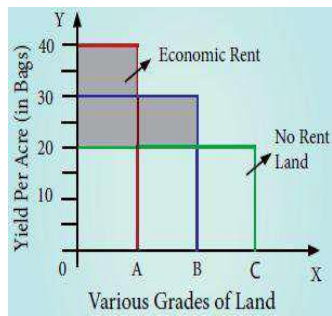
- ★ Therefore, rent indicates the differential advantage of the superior land over the marginal land.

Ricardian Theory of Rent

Grades of Lands	Production (in bags)	Surplus (i.e., Rent in bags)
A	40	$40 - 20 = 20$
B	30	$30 - 20 = 10$
C	20	$20 - 20 = 0$

TableDiagram

Diagrammatic Explanation



- (i) X axis represents various grades of land.
- (ii) Y axis represents yield per acre (in bags).
- (iii) OA, AB and BC are the „A“ grade, „B“ grade and „C“ grade lands respectively.
- (iv) The „C“ grade land is the “no–rent land”.
- (v) „A“ and „B“ grade lands are “intra –marginal lands”.
- (vi) The economic rent yielded by „A“ and „B“ grade lands is equal to the shaded area of their respective rectangles.

Criticisms

- (i) The order of cultivation from most fertile to least fertile lands is historically wrong.
- (ii) This theory assumes that, rent does not enter into price. But in reality, rent enters into price.

43) b) Explain the internal and external economics of scale

	Internal Economies	External Economies
1	Technical Economies: There is a possibility to introduce up-to-date technologies	1. Increased transport facilities
2	Financial Economies: Big form can float shares in the market capital expansion,	2. Small firm cannot easily float shares in the market
3	Managerial Economies: Large scale production facilitates specialisation and delegation.	3. Development of townships
4	Labour Economies: Large scale production implies greater and minute division of labour.	4. Development of information and communication
5	Marketing Economies: The producers can both buy raw-materials in bulk at cheaper cost and can take the products to distant markets.	5. Expansion of the Plant size

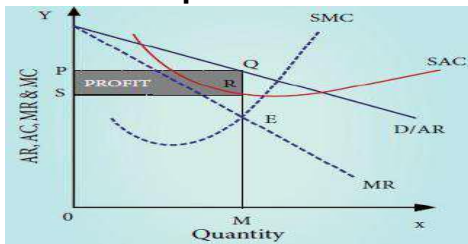
44) a) Explain price and output determined under monopolistic competition with help diagram

The firm under monopolistic competition achieves its equilibrium when its $MC = MR$, and when its MC curve cuts its MR curve from below.

- (ii) If MC is less than MR, the sellers will find it profitable to expand their output.

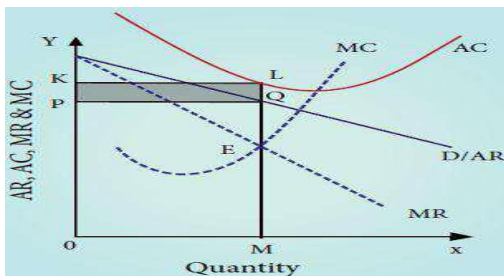
Under monopolistic competition

- (i) The demand curve is downwards sloping.
 - (ii) There are close substitutes.
 - (iii) The demand curve (the average revenue curve) is fairly elastic.
- ★ Under monopolistic competition, different firms produce different varieties of the product and sell them at different prices.
 - ❖ Each firm under monopolistic competition seeks to achieve equilibrium as regards.
- (i) Price and output (ii) Product adjustment (iii) selling cost adjustment

Short – run equilibrium**Short-run equilibrium Diagram Diagram Explanation**

* The profit maximisation is achieved when $MC=MR$.

- (i) „OM“ is the equilibrium output.
- (ii) „OP“ is the equilibrium price.
- (iii) The total revenue is „OMQP“.
- (iv) Total cost is „OMRS“.
- (v) Therefore, total profit is „PQRS“.
- (vi) This is super normal profit under short-run.

Monopolistically Competitive Firms (may incur loss)**Diagram Diagram Explanation**

- (i) AR and MR curves are fairly elastic.
- (ii) The equilibrium situation occurs at point „E“, where $MC = MR$ and MC cuts MR from below.
- (iii) The equilibrium output is OM and the equilibrium price is OP.
- (iv) The total revenue of the firm is „OMQP“.
- (v) Total cost of the firm is „OMLK“.
- (vi) Total loss is „PQLK“.
- (vii) This firm incurs loss in the short run.

44) b) explain the objectives of nationalization of commercial banks.

- (i) The main objective of nationalisation was to attain social welfare. Sectors such as agriculture, small and village industries were in need of funds for their expansion and further economic development.
- (ii) Nationalisation of banks helped to curb private monopolies in order to ensure a smooth supply of credit to socially desirable sections.
- (iii) In India, nearly 70% of population lived in rural areas. Therefore it was needed to encourage the banking habit among the rural population.
- (iv) Nationalisation of banks was required to reduce the regional imbalances where the banking facilities were not available.
- (v) Before Independence, the numbers of banks were certainly inadequate. After nationalization, new bank branches were opened in both rural and urban areas.
- (vi) Banks created credit facilities mainly to the agriculture sector and its allied activities after nationalization.

45) a) Explain the law of demand and its exceptions**Definition - Marshall**

★ The Law of Demand says as “the quantity demanded increases with a fall in price and diminishes with a rise in price”.

Assumptions of Law of Demand

- (i) The income of the consumer remains constant.
- (ii) The taste, habit and preference of the consumer remain the same.
- (iii) The prices of other related goods should not change.
- (iv) There should be no substitutes for the commodity in study.
- (v) The demand for the commodity must be continuous.

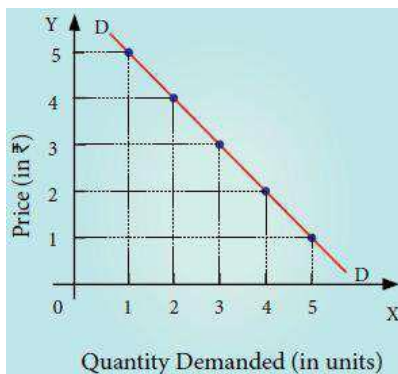
(vi) There should not be any change in the quality of the commodity.

Demand Schedule Schedule Explanation

price	Quantity Demanded (Units)
5	1
4	2
3	3
2	4
1	5

- (i) The law of demand explains the relationship between the price of a commodity and the quantity demanded of it.
(ii) This law states that quantity demanded of a commodity expands with a fall in price and contracts with a rise in price.
(iii) The law of demand states that there is an inverse relationship between the price and the quantity demanded of a commodity.

Law of Demand Diagram Diagram Explanation



- (i) X axis represents the quantity demanded and Y axis represents the price of the commodity.
(ii) DD is the demand curve, which has a negative slope i.e., slope downward from left to right which indicates that when price falls, the demand expands and when price rises, the demand contracts.

Exceptions to the law of demand

- (i) Normally, the demand curve slopes downwards from left to right.
(ii) But there are some unusual demand curves which do not obey the law and the reverse occurs.
(iii) A fall in price brings about a contraction of demand and a rise in price results in an extension of demand.
(iv) Therefore the demand curve slopes upwards from left to right.
(v) It is known as exceptional demand curve.

45)b)Elaborate the nature and scope of Economics

I. Nature of Economics

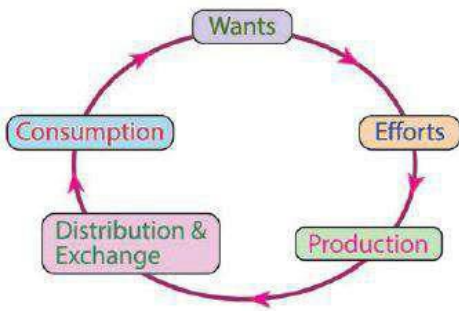
- (i) The nature of a subject refers to its contents and how and why they find a place in the subject.
(ii) This nature is understood by studying the various definitions given by the notable economists.

Definitions

★ Four definitions, each referring to particular stage of the growth of the subject of Economics, are presented here.

- (i) Smith's Wealth Definition, representing the Classical era.
(ii) Marshall's Welfare Definition, representing the Neo-Classical era.
(iii) Robbins' Scarcity Definition, representing the New Age.
(iv) Samuelson's Growth Definition, representing the Modern Age.

II. Scope of Economics



(i) Economics focuses on the behaviour and interactions among economic agents, individuals and groups belonging to an economic system.

(ii) Economics studies the ways in which people use the available resources to satisfy their multiplicity of wants.

(iii) Economics is concerned with activities of human being only.

(iv) The activities of rational or normal human beings are the subject-matter of Economics.

(v) All human activities related to wealth constitute the subject-matter of Economics.

46)a) Explain the Keynesian theory of interest

Interest

★ "Interest is the reward for parting with liquidity for a specified period of time".

Meaning of Liquidity Preference

★ Liquidity preference means the preference of the people to hold wealth in the form of liquid

cash rather than in other non liquid assets.

Motives of Demand for Money

(i) The Transaction Motive

⇒ The people hold cash for the current transactions. $M_t = f(y)$

(ii) The Precautionary Motive

⇒ The people hold cash to meet unexpected or unforeseen expenditures. $M_p = f(y)$

(iii) The Speculative Motive

⇒ The people hold cash in order to take advantage of future changes in the price. $M_s = f(r)$

f (i) Determination of Rate of Interest

(i) The rate of interest is determined by the demand for money and the supply of money.

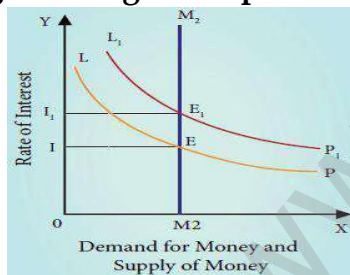
(ii) The supply of money is determined by the Central Bank of a country.

Equilibrium between Demand and Supply of Money

(i) The equilibrium between liquidity preference and demand for money determine the rate of interest.

(ii) In short-run, the supply of money is assumed to be constant.

Diagram Diagram Explanation



(i) LP is the liquidity preference Curve (demand curve).

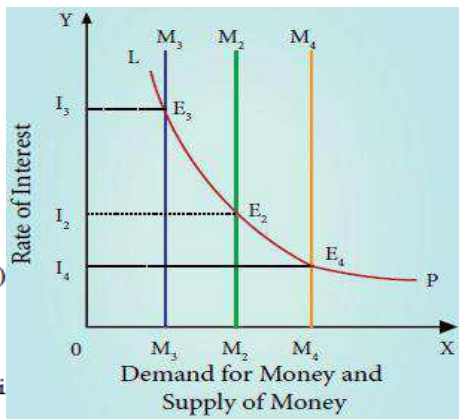
(ii) M_2 shows the supply curve of money to satisfy speculative motive.

(iii) Both curves intersect at the point E, which is the equilibrium point.

(iv) Hence, the rate of interest is I.

(v) If liquidity preference increases from LP to L_1P_1 the supply of money remains constant, the rate of interest would increase from OI to OI_1 .

(i) Suppose LP remains constant.



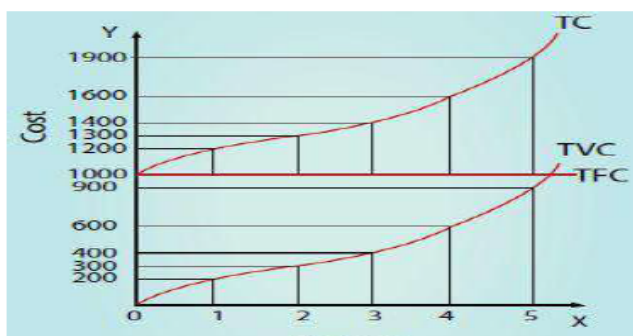
- (ii) If the supply of money is OM2, the interest is OI2 and if the supply of money is reduced from OM2 to OM3, the interest would increase from OI2 to OI3.
- (iii) If the supply of money is increased from OM2 to OM4, the interest would decrease from OI2 to OI4.

46)b) Discuss the short run cost curves with suitable diagram

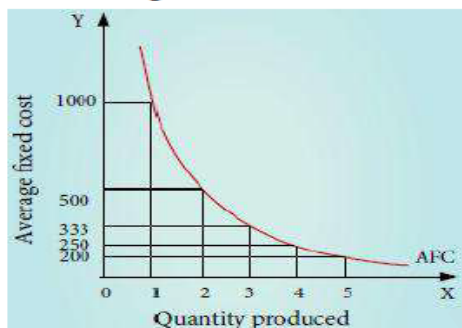
(i) Factors of production are known as Total Fixed Cost.

(ii) All payments to the variable factors of production is called as Total Variable Cost.
 ⇒ As output increases TVC also increases.

(iii) Total Cost Curves
 ⇒ Total Cost means the sum total of all payments made in the production.
 ⇒ It is also called as Total Cost of Production.
 ⇒ $TC = TFC + TVC$



(iv) Average Fixed Cost (AFC)



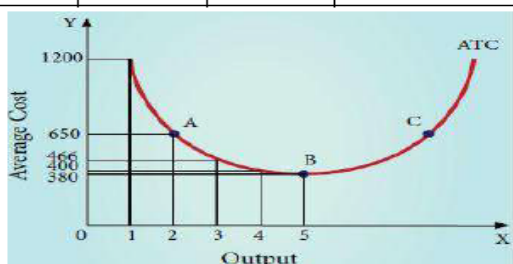
*It refers to the fixed cost per unit of output.

$$AFC = \frac{TFC}{Q}$$

- AFC = Average Fixed Cost
- TFC = Total Fixed Cost
- Q = Quantity of output

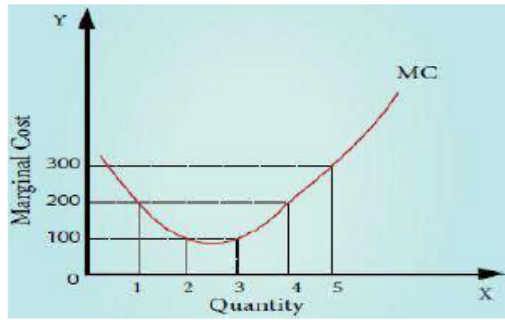
(v) Average Variable Cost (AVC)

Q in unit	TFC (in ₹)	TVC (in ₹)	TC (in ₹) TFC + TVC	ATC (TC/Q) (in ₹)	AFC (in ₹)	AVC (in ₹)	ATC (AFC + AVC) (in ₹)
0	1000	0	1000	$1000 / 0 = \infty$	0	0	$0 + 0 = 0$
1	1000	200	1200	$1200 / 1 = 1200$	1000	200	$1000 + 200 = 1200$
2	1000	300	1300	$1300 / 2 = 650$	500	150	$500 + 150 = 650$
3	1000	400	1400	$1400 / 3 = 466$	333	133	$333 + 133 = 466$
4	1000	600	1600	$1600 / 4 = 400$	250	150	$250 + 150 = 400$
5	1000	900	1900	$1900 / 5 = 380$	200	180	$200 + 180 = 380$



S.JEYANTHI PG ASST

(vii) Marginal Cost (MC)



*Marginal Cost is the addition made to the total cost by producing one extra unit of output.

47)a) Write the importance of mineral resources in India.**(i) Iron-Ore**

- ⇒ India possesses high quality iron-ore in abundance.
- ⇒ Hematite iron is mainly found in Chattisgarh, Jharkhand, Odisha, Goa and Karnataka.
- ⇒ The major deposit of magnetite iron is available at western coast of Karnataka.
- ⇒ Some deposits of iron ore are also found in Kerala, Tamil Nadu and Andhra Pradesh.

(ii) Coal and Lignite

- ⇒ The main centres of coal in India are the West Bengal, Bihar, Madhya Pradesh, Maharashtra, Odisha and Andhra Pradesh.
- ⇒ Bulk of the coal production comes from Bengal-Jharkhand coalfields.

(iii) Bauxite

- ⇒ Bauxite is a main source of metal like aluminium.
- ⇒ Major reserves are concentrated in the East Coast bauxite deposits of Odisha and Andhra Pradesh.

(iv) Mica

- ⇒ India stands first in sheet mica production and contributes 60% of mica trade in the world.
- ⇒ The important mica bearing pegmatite is found in Andhra Pradesh, Jharkhand, Bihar and Rajasthan.

(v) Crude Oil

- ⇒ Oil is being explored in India at many places of Assam and Gujarat.

(vi) Gold

- ⇒ India possesses only a limited gold reserve.
- ⇒ There are three main gold mine – Kolar Goldfield, Hutti Goldfield and Ramgiri Goldfield.

(vii) Diamond

- ⇒ The total reserves of diamond is estimated at around 4582, thousand carats which are mostly available in Panna, Rammallakota and also in the Basin of Krishna River.

47)b) Describe the features oligopoly.**(i) Few large firms**

- ⇒ Very few big firms own the major control of the whole market by producing major portion of the market demand.

(ii) Interdependence among firms

- ⇒ The price and quality decisions of a particular firm are dependent on the price and quality decisions of the rival firms.

(iii) Group behaviour

- ⇒ The firms under oligopoly realise the importance of mutual co-operation.

(iv) Advertisement cost

⇒ The oligopolist could raise sales either by advertising or improving the quality of the product.

(v) Nature of product

⇒ Perfect oligopoly means homogeneous products and imperfect oligopoly deals with heterogeneous products.

(vi) Price rigidity

⇒ It implies that prices are difficult to be changed.

⇒ The oligopolistic firms do not change their prices due to the fear of rivals' reaction.

www.Padasalai.Net