

[Covers - Answers to MCQs based on Analysis]

Comparative charts. - curves.

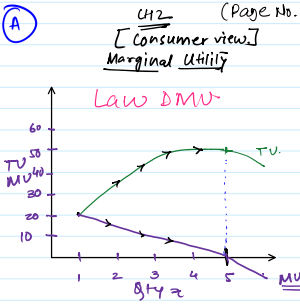
Eco.

12-15

CA FOUNDATION ECO.

By CA Anand V Kabra.

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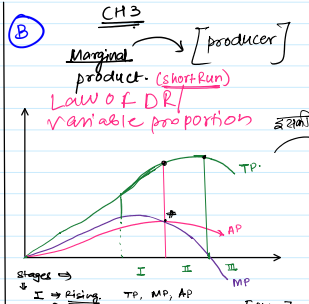
Observations:-

- 1) $Q \uparrow$; $MU \downarrow$ then $TU \uparrow$, $MU \downarrow$
- 2) If $MU = 0$, then $TU = \text{MAX}$ "point of saturation"
- 3) If MU become $-ve$; $TU \downarrow$
- 4) $MU \Rightarrow 0, +ve, -ve$

$$MU_n = TU_n - TU_{n-1}$$

MU, जादा तो 😊😊😊

MU $\downarrow$ तो in कम होबे लगता!



II If AP is max; $MP = AP$ (Stable)
III. MP starts falling; $MP < AP$ (Diminishing)

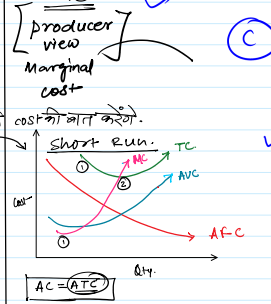
$MP = 0$; TP is Max;
afterwards Negative Returns will start.

$$MP = TP_n - TP_{n-1}$$

$$AP = \frac{\text{Output}}{\text{Qty inputs}} \text{ or } \frac{TP}{\text{inputs}}$$

MP जादा; 😊😊😊

Efficiency दिखने लगता!



① Output $\uparrow$; $MC < AC$

② Output $\uparrow$; $AC \uparrow$; $MC > AC$

③ MC is Min; $MC = AC$.
this is the point where production should be done.

for short run only,
shows Results for
Law of Diminishing Returns

$$TC = FC + TVC$$

$$\Rightarrow TC/Q = FC/Q + TVC/Q$$

$$\Rightarrow ATC = AFC + AVC$$

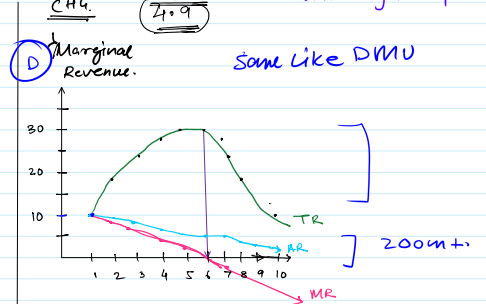
$$MC = TC_n - TC_{n-1}$$

Incremental cost:- for two different points of AP
 $= TC_n - TC_{n-2}$ or $TC_{n-1} - TC_{n-3}$
 $= TC_{10} - TC_8 = \text{Incremental cost}$

MC cost is expressed for 1 unit change in output

$$MC_n = \frac{TC_{10} - TC_8}{2}$$

COST कम रहेगा तो 😊😊😊



① Output $\uparrow$; $MR \downarrow$; turn TR $\uparrow$ $\Rightarrow AR > MR$

② $MR = 0$; TR is Max.
(we shall stop selling at this point)

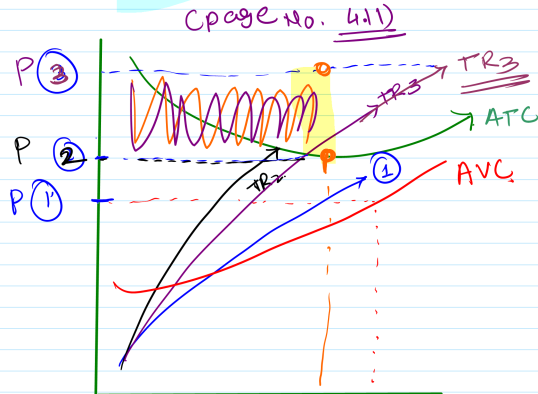
• MR is always falling.

• MR may be +ve, 0, -ve.

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[9404272440] all the Best!

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① TR_1

$AVC < AR < ATC$

VC FC profits

✓ ✗

②

$AR = ATC$

✓ ✓ Normal profit

③

$AR > ATC$

✓ ✓ super profit