

Class: XII**Subject : Economics****Assignment No. 2**

1. Price of the commodity X falls from Rs.5 per kg to Rs.4 per kg and the demand of consumer A for it rises from 4kg to 6kg.
 - (i) Express your opinion regarding the nature of elasticity of commodity X using total expenditure method.
 - (ii) If there will be no change in quantity demanded of commodity X, what will be the nature of price elasticity?
2. Do you agree with the view that law of demand need not necessarily fail in case of inferior goods?
3. How is the supply of a commodity affected by changes in the prices of other commodities? Explain.
4. With the help of a suitable diagram, explain the relationship between TC, TFC and TVC.
5. How can one obtain TVC from MC curve?
6. Giving reasons state whether the following statements are true or false:
 - a) The difference between average total cost and average variable cost decreases with the decrease in the level of output.
 - b) When marginal cost rises, average cost will also rise.
 - c) Average variable cost can fall even when marginal cost is rising.
7. Draw total revenue curve and marginal revenue curve of a firm which is free to sell any quantity of the good at a given price. Explain.
- 8.

Output(units)	0	1	2	3	4	5	6	7	8
Total Cost(in Rs)	40	120	170	180	210	260	340	440	550

- i) What is the TFC of this firm?
 - ii) Derive AFC, AVC, ATC, and MC schedules.
9. Explain the implications of the feature 'homogeneous products' in a perfectly competitive market.
10. What is price discrimination? Give two examples of the power of a monopolist to practice price discrimination.

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