

Principles of Economics (English Medium) - ICOM Part 1 Economics English Medium Chapter 10 Short Questions Preparation

Q1. What is meant by Monetary measures?

Ans 1: The measures taken by the central bank to control inflation or deflation , are called monetary measures.

Q2. What does the term marginal productivity means ?

Ans 1: Marginal productivity means the net change in total production due to change in units of labour.

Q3. Write any four points of criticism of marginal productivity theory.

Ans 1: 1. Difficult to find marginal production.
2. Law of increasing return is applicable.
3. There is no perfect competition.
4. Factors are not equally efficient.

Q4. What is marginal factor cost ?

Ans 1: Marginal factor cost is the addition in total cost when an additional unit of labour is employed during production process.

Q5. Write down the equation of marginal productivity theory ?

Ans 1: $MPPA/PA = MPPB/PB = MPPC/PC = MPPD/PD$

Q6. Write down any four assumptions of marginal productivity theory.

Ans 1: Marginal productivity theory is based on the following assumptions.
1. There is full employment.
2. Law of diminishing return is applicable.
3. There is perfect competition.
4. Factors are equally efficient.

Q7. What is Barter

Ans 1: Barter means direct exchange of one good with another when money is not used as a medium of exchange.

Q8. Define Marginal productivity theory.

Ans 1: The share of each factor is determined by its marginal productivity.

Q9. What is Bank rate.

Ans 1: The rate at which central bank advances loans to commercial banks is called bank rate.

Q10. What is marginal revenue product.

Ans 1: Marginal revenue product is calculated by multiplying marginal product with price. Mathematically it can be calculated as:
 $MRP = MP \times P$
