

Subject- Economics

Class- 12

Topic- Concept of Production

Q.1. Define Average Product (AP) and Marginal Product (MP).

Ans. AP is the total product per unit of a variable input. MP is the change in total product consequent upon a change in variable input.

Q.5. What is the difference between returns to an input and returns to scale?

Ans. By returns to an input we mean the laws of change in output following a change in one or two inputs, keeping other inputs constant. Thus, this law remains valid in the short run. If all inputs are changed and output changes then we obtain laws of returns to scale which is a long-run phenomenon.

Q.6. What is meant by scale of production?

Ans. In the long run there are no fixed inputs; all inputs are variable. A firm can install a new machine or build up a new factory shade or switch over from one technique of production to another in the long run. This means that a firm can change its scale of operations or scale of output by changing all its inputs. This is called a change in scale of production.