

Module 3- Theory of Production and Cost

1. What is the difference between short run and long run production function?
2. What is Law of variable proportions? Explain taking the example of agricultural sector?
3. What are the properties of indifference curve and how it is different from Isoquants?
4. Can the inevitability of diminishing returns be avoided? If yes then how?
5. Explain Producer's equilibrium graphically? What is an expansion path?
6. How to define economic region of production? Does it help the producer to take optimal production decision?
7. What are the different types of return to scale?
8. What are the different types of costs?
9. Explain the nature of various cost curves – Average cost curve, marginal cost curve and total cost curve.
10. Explain the nature of Long Run Cost Curve? Why is Long Run Cost Curve also known as 'envelope curve'?
11. What do you understand by 'Economies of Scale'? What are the causes for its occurrence?
12. How economies of scope are different from economies of scale? What are the main reasons behind diseconomies of scale?