

BA SANGAM COLLEGE

Year 12 Economics worksheet

Worksheet 2- Producer and production

(b) Study the table given below and find the values for (i) - (vi).

Number of Workers per day	Total product	Marginal Product	Price (\$)	Total Revenue (\$)	Marginal revenue product of labour	Marginal Cost (mc)
0	0	0	5	0	0	-
1	45	45	5	225	225	32
2	75	(i)	5	(iii)	150	32
3	95	20	5	(iv)	100	32
4	102	(ii)	5	510	(v)	32
5	105	3	5	525	(vi)	32
6	106	1	5	530	5	32
7	106	0	5	530	0	32
8	101	0	5	505	-25	32

(3 marks)

A. Singh is a market vendor who sells grog in Namaka market. He is a price taker. He sells grog at \$4.50 a bag. The table below shows the cost of his business at each level of output being produced.

Labour[workers/day]	Output[grog bag/day]	Total cost[\$]	Variable cost [\$]	Marginal Cost [\$]
0	0	100	_____	_____
1	5	120	_____	_____
2	15	140	_____	_____
3	30	160	_____	_____
4	50	250	_____	_____
5	75	280	_____	_____

- (i) Determine the **fixed cost**? (1/2 mark)
- (ii) Complete the table given in the answer book by calculating the total variable cost and marginal cost at each level of output. (2 marks)
- (iii) Calculate the **profit maximizing output** for this market vendor. (1 mark)

- (iv) Calculate the **average physical product** [APP] at the profit maximizing level of output. (1 mark)