

C O I - R & U - Reason-Based Questions

Q.1. Total product (TP) is maximum when marginal product (MP) is zero.

Ans. True. Because:

$$TP = \sum MP$$

So that when $MP = 0$, nothing more is added to TP. Accordingly, corresponding to 'zero MP', TP must be maximum.

Q.2. When MP is zero, TP is also equal to zero.

Ans. False. When MP is zero, it implies that there is no addition to TP, or TP stops increasing. Therefore, TP is maximum when $MP = 0$.

Q.3. In a situation of disguised unemployment, MP can be negative.

Ans. True. In a situation of disguised unemployment, MP can be negative. Because, employment of workers more than what is required reduces the overall efficiency of the workers, so that MP becomes negative.