**Ans-1**

**Total Revenue (TR):** Total revenue=Total Quantity Sold × Unit Price

**Average Revenue (AR):** AR = Total Revenue/ Total Output Sold

AR = P

**Marginal Revenue (MR):** MR= ΔTR/ΔQ

Given graph stimulate the condition of imperfect competion in market.

Following are the conclusion that can be drawn from the given graph.

1. **we are given two straight line ( with negative slope ) which satisfy the condition of imperfect competition ,** when AR falls, MR also falls and it is always below AR line because there are large numbers of buyers and sellers, products are not homogeneous and the firms can enter or exit the market.
2. Total Revenue (i.e., price x units of the commodity sold) increases at a diminishing rate with increase in the units of output, since more units of the commodity can only be sold at a lower price, such that Marginal Revenue is positive and is downward sloping.
3. At the point when TR is maximum MR happens to equal to zero.
4. MR becomes negative, when TR decreases with increase in the units of output.
5. MR falls with the fall in AR, but, the rate of decrease in MR is much higher than that in AR.
6. MR may be positive, negative or zero, but AR is always positive

**Ans-2.**

**The Money Multiplier**refers to how an initial deposit can lead to a bigger final increase in the total money supply.

Money multiplier= change in total money supply/change in monetry base

**The Reserve Ratio**

The reserve ratio is the % of deposits that banks keep in liquid reserves.

Hence, money multiplier can also be written as

Money –Multiplier= 1/Reserve Ratio

**Example of money multiplier**

* Suppose banks keep a reserve ratio of 10%. (0.1)
* Therefore, if someone deposits $100, the bank will keep $10 as reserves and lend out $90.
* However, because $90 has been lent out – other banks will see future deposits of $90.
* Therefore, the process of lending out deposits can start again.

In the above relationship it is assumed that there is no currency drainage, i.e. the borrowers keep 100% of the amount received in banks.

In reality, borrowers do keep a fraction of loans received in cash. This reduces the money multiplier.

Than the formula of money multipliler becomes

Money Multiplier = 1 + drainage ratiorequired / reserve ratio + drainage ratio