

Jahangirnagar University
Department of Economics
3rd Tutorial Examination
Full Marks: 40
Time: 1 Hour

Answer any five (5) questions of the following (5x8 = 40):

- ✓1. Explain why average total cost (ATC) curve is U-shaped.
- ✓2. Explain the relationship between MC and ATC with diagram.
3. Explain, with the help of a diagram, the relationship between average product (AP) and marginal product (MP).
- ✓4. Explain the characteristics of a perfectly competitive market.
5. Show, with help of a diagram, that a perfectly competitive firm will continue production even at a loss in the short run.
- ✓6. Show, with help of a diagram, that a perfectly competitive firm can earn positive economic profit in the short run.
- ✓7. Suppose your cousin owns a company with fixed costs of tk.10,000. The following schedule shows the variable costs. Calculate the missing values :

Quantity	Variable costs(TK)	FC	TC	AFC	AVC	ATC	MC
1	200						
2	400						
3	800						
4	1600						
5	3200						

8. Explain, with the help of a diagram, the shut-down point of a perfectly competitive firm in the short run.