Assignment of ECO101

Submitted By:

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Submitted To:

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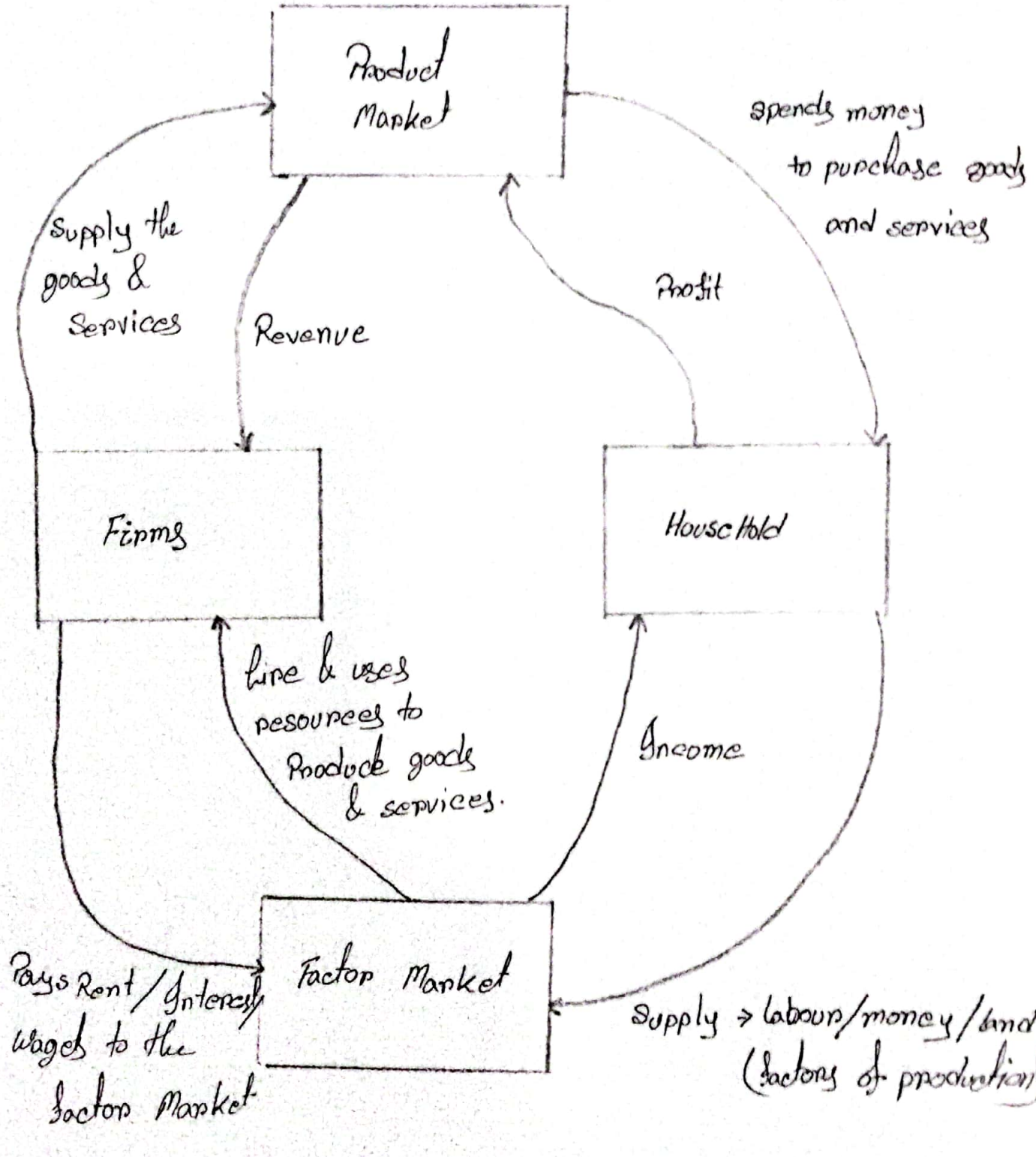
https://ahjim.com

Answer to the question no 1



Answer to the question no 2

a

Capital. The food truck is a Capital.

b

Labor. Scientists are identified as labor.

c

Capital. The food truck is Capital.

d

Land. The permission for land to use is a land.

e

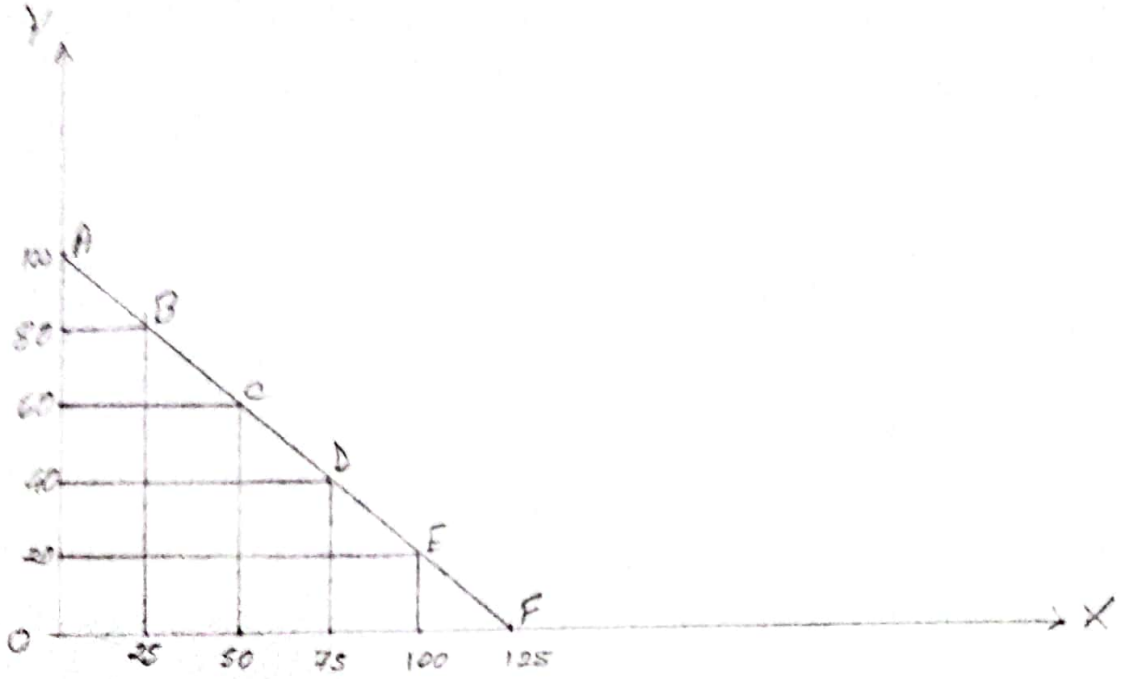
Capital. Necessary goods are Capital.

f

Labor. 6 students be trained, are means of labor.

Answer to the question no 3

a



A PPF line that indecates the most efficiant ammount of products can be produced by combining Rice (Y-axis) and fish (X-axis).

b

Opportunity cost of rice.

at point F to E

$$OC_{R_{F \to E}} = \frac{25}{20} = 1.25$$

Similarly,

$$OCR_{E \to D} = OCR_{D \to C} = OCR_{C \to B} = OCR_{B \to A} = 1.25.$$

[As the PPF is a down sloping line]

So, Opportunity cost of producing 1 tonnes of rice is 1.25 tonnes of Fish.

c

Opportunity Cost of increasing rice production from E to C point is,

$$OCR_{E \to C} = \frac{50}{40} = 1.25.$$

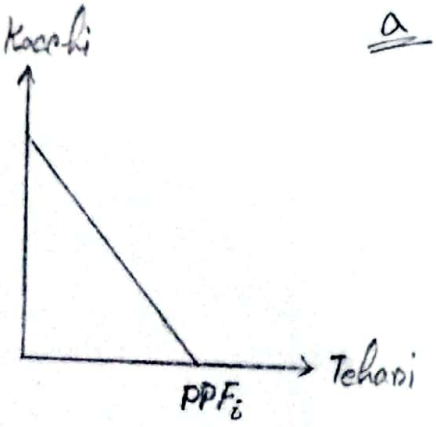
So, opportunity cost of increasing rice production by 1 tonne is 1.25 tonnes of Fish.

d

We know at any point of PPF graph is attainable and efficient as well as producable.
So, if wonder Island produces at D point then it is producable, attainable and efficient.

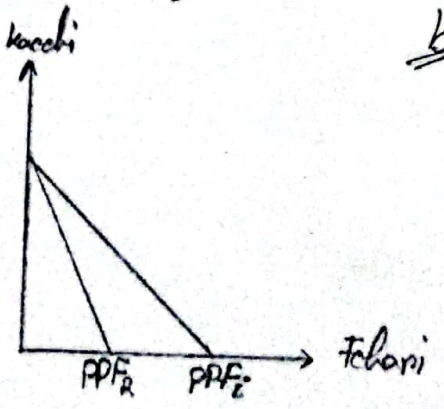
Answer to the question no 4

a



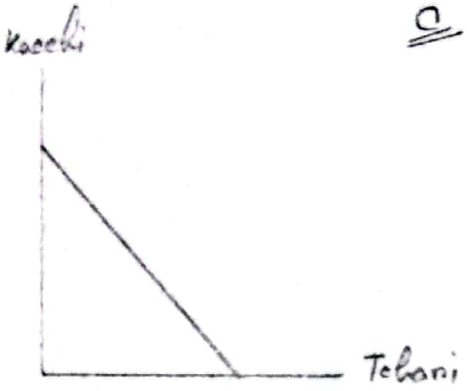
There will be no change to the initial graph, as no assumption has changed.

b



As the resources have been changed only for tehari the PPF will rotate and as the change were negative the graph will rotate inward.

c

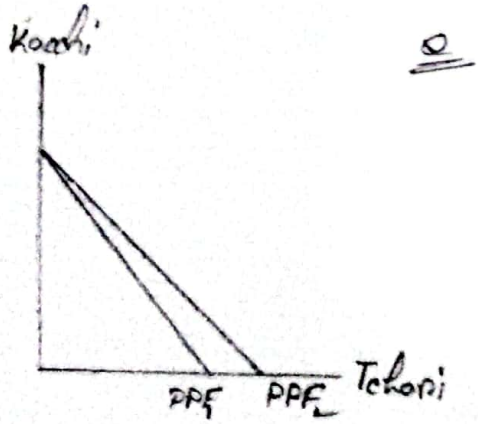


There will not be any change as the assumptions of the PPF graph have not been changed.

d

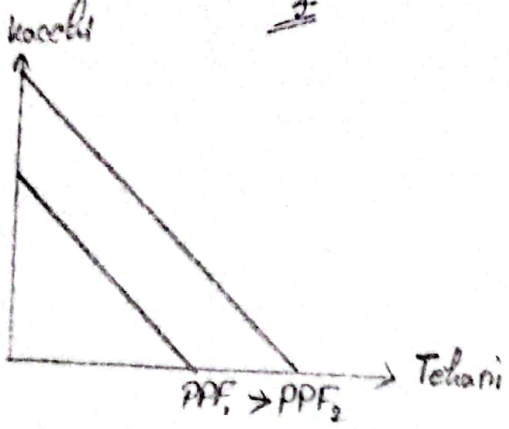
There will not be any change on the PPF graph.

e



The PPF graph will rotate outward, as the technology assumption is not fixed anymore. from PPF_1 to PPF_2

1



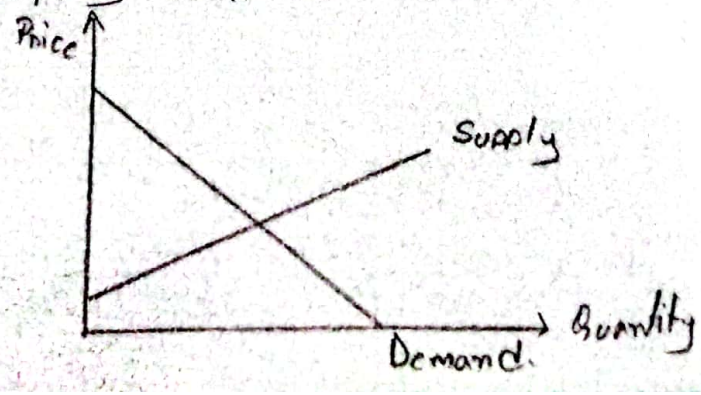
The PPF graph will shift right side from PPF_1 to PPF_2

2

There will be no change in the graph.

Answer to the question no 5

According to the law of demand, if other things remain constant lower the price is demand is at most and higher the price is demand is lower.
And supply the law, if other things remain constant heighter the price heighter the supply will be, and lower the price supply will be lower.

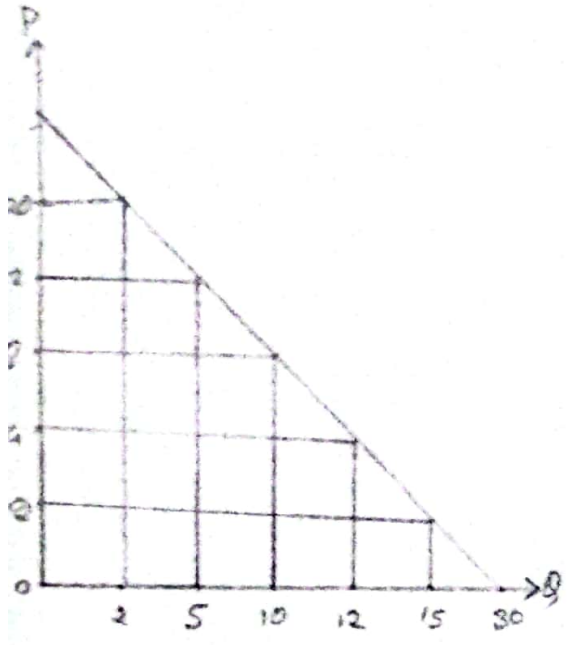


Answer to the question no 6

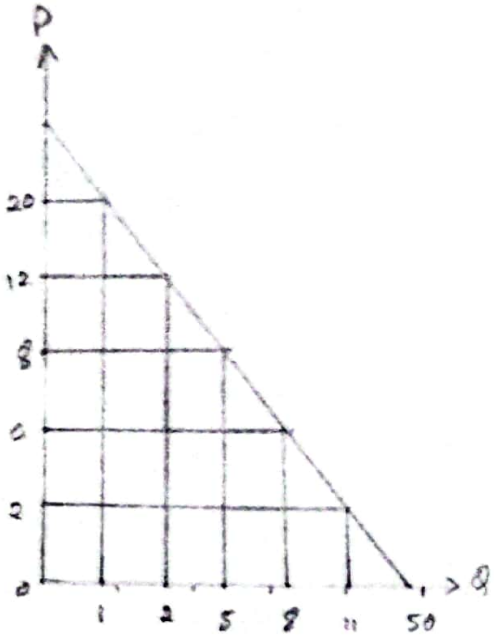
The change in quantity demand refers to a change of movement along the fixed line of demand curve. which usually occurs due to price change.

The change in demand refers to the shift of the demand curve itself.

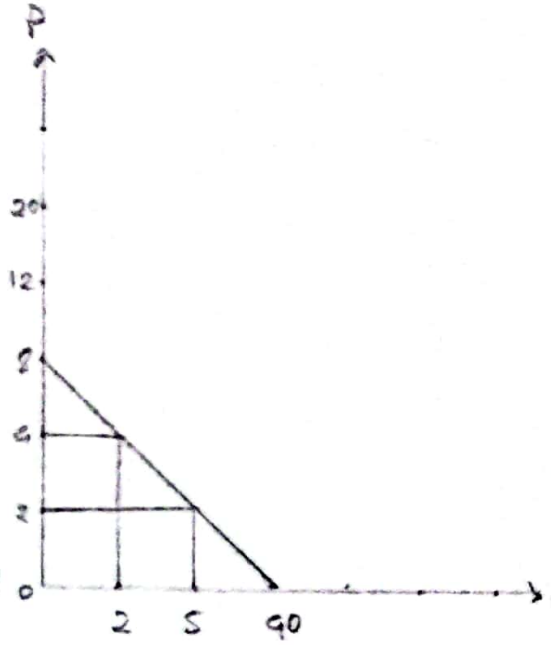
Answer to the question no 7



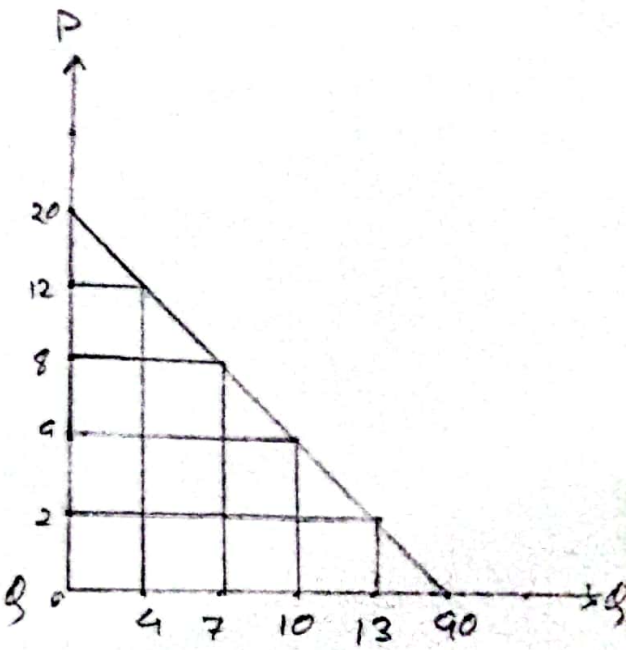
Q_D of Person A



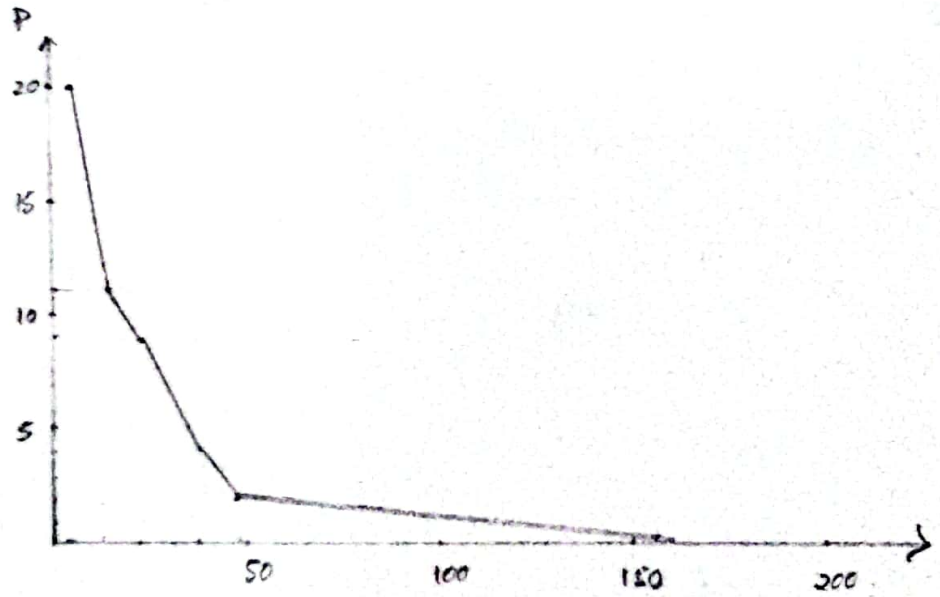
Q_D of Person B



Q_D of Person C

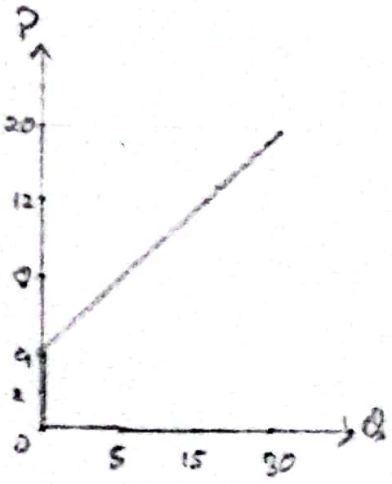


Q_D of person D

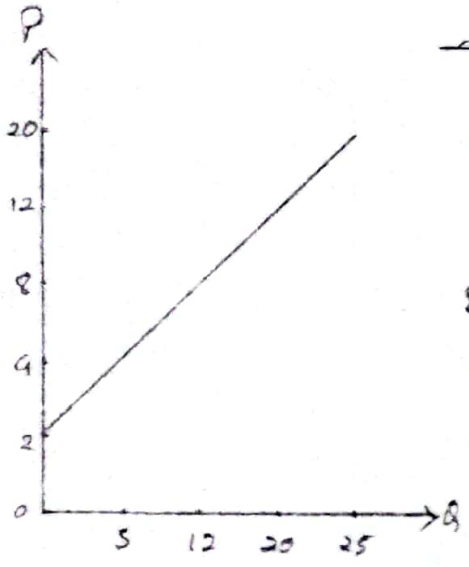


Market Demand

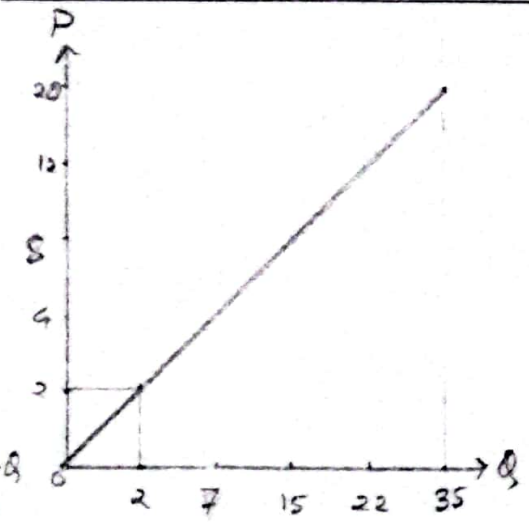
Answer to the question no 8



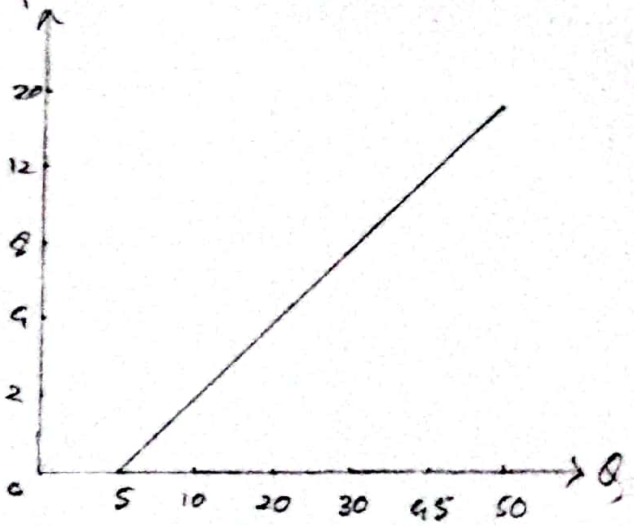
Q_s of person A



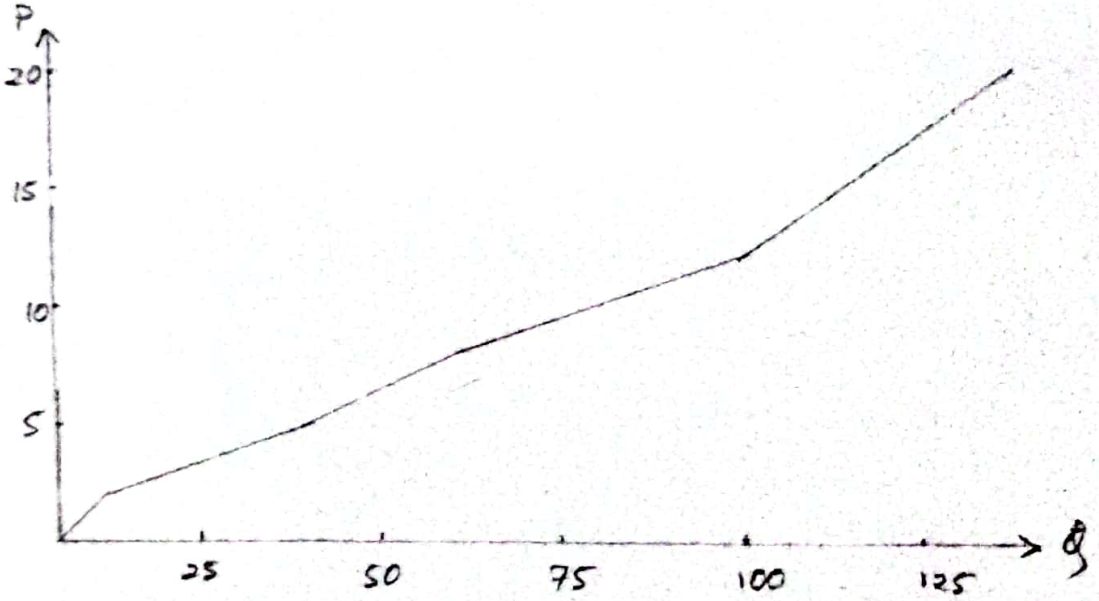
Q_s of Person B



Q_s of Person C



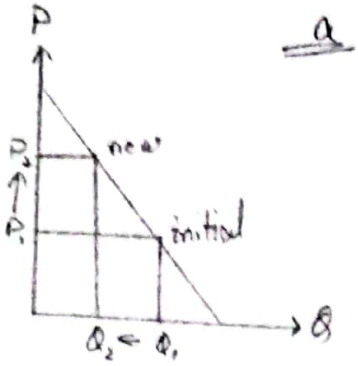
Q_s of person D



Market supply curve

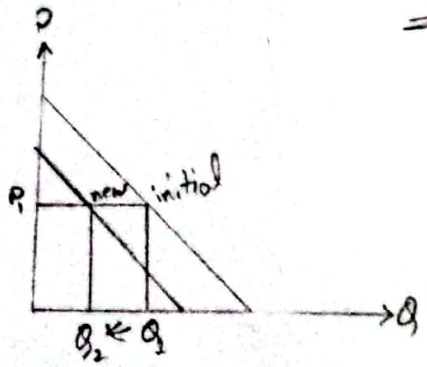
Answer to the question no 9

a



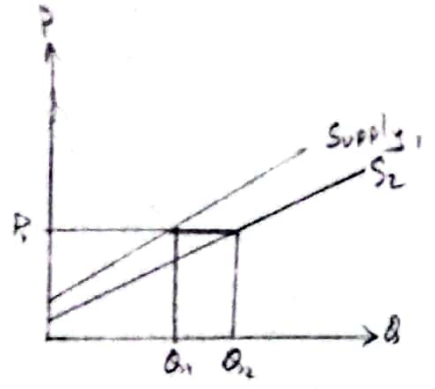
As price increases from P_1 to P_2 the quantity demand of beef burger decreases from Q_1 to Q_2. Where demand curve does not change.

b



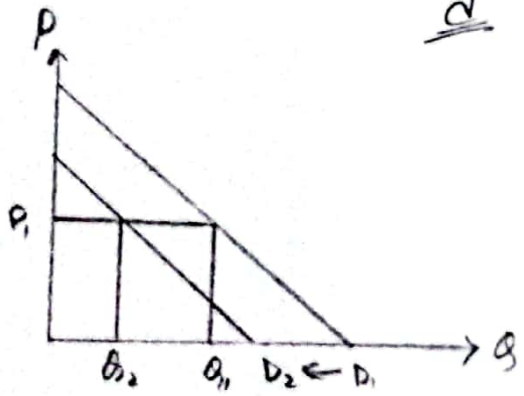
As more people are becoming vegetarian the ~~Quantity~~ demand of beef burger will decrease from Q_1 to Q_2, where price P_1 is same. So, the graph shifts to the left side.

c



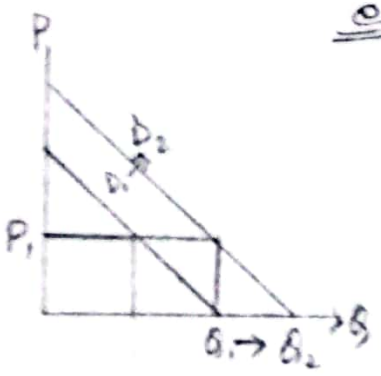
The supply curve will shift to the right. As bread is a factor on ingradiant of product The supplier can supply more beef burgen from Q_1 to Q_2, where price is at P_1.

d



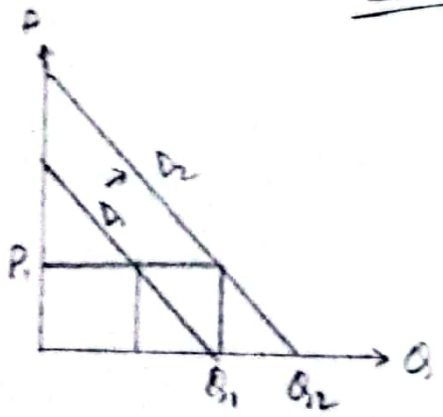
The demand curve will shift to the left from D_1 to D_2. The quantity will decrease from Q_1 to Q_2 where price is the same.

e



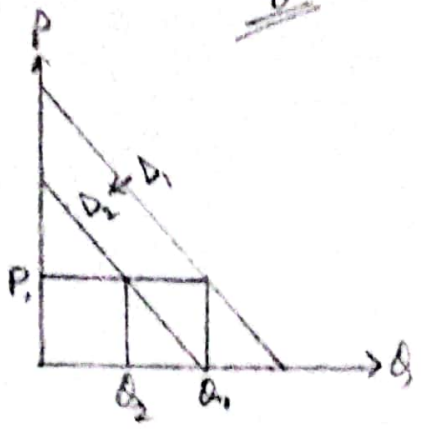
As the consumer number has increased the demand will shift to right from D_1 to D_2, price will remain same but quantity will be Q_1 to Q_2.

f



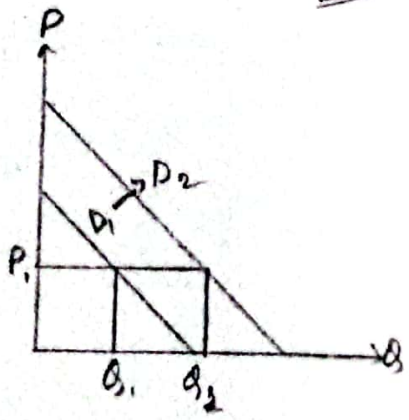
As the burger got 5 star rating the demand will shift to the right, price P_1 will remain same, but quantity will increase from Q_1 to Q_2.

g



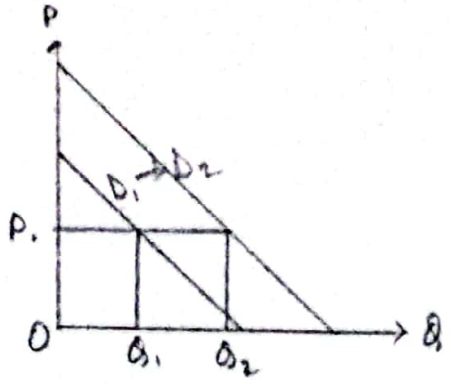
As they got bad review the demand curve will shift left from D_1 to D_2, price P_1 will remain same, and quantity will decrease from Q_1 to Q_2.

h



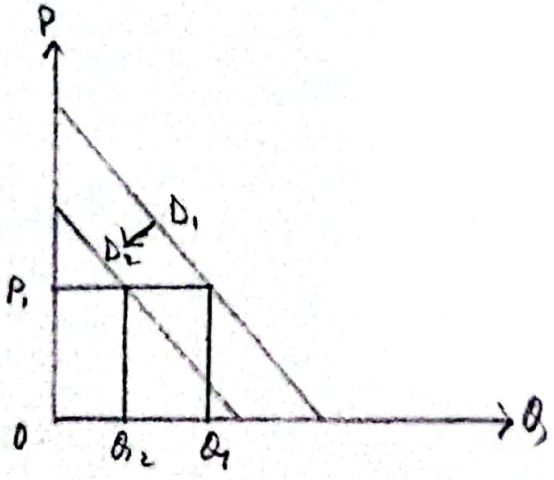
As they started getting free french fries, the demand of burger will increase and the curve will shift right from D_1 to D_2. price P_1 will remain same and quantity will increase from Q_1 to Q_2.

i.



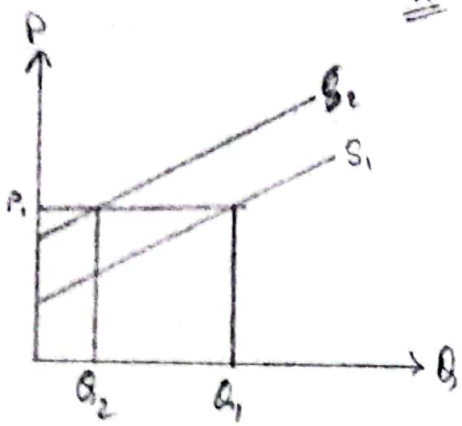
As they can cook beef patty faster. The demand will increase and will shift to right from D_1 to D_2, price P_1 will remain same, quantity will increase from Q_1 to Q_2

j.



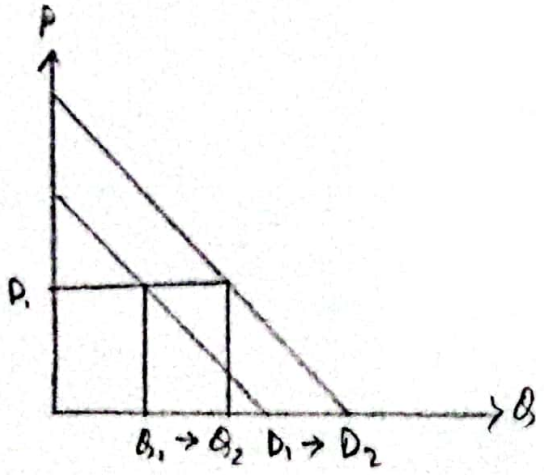
As there is more seller demand will decrease from D_1 to D_2, so the shift will be ~~right~~ left, price P_1 will be same, and quantity will be decreased from Q_1 to Q_2.

k



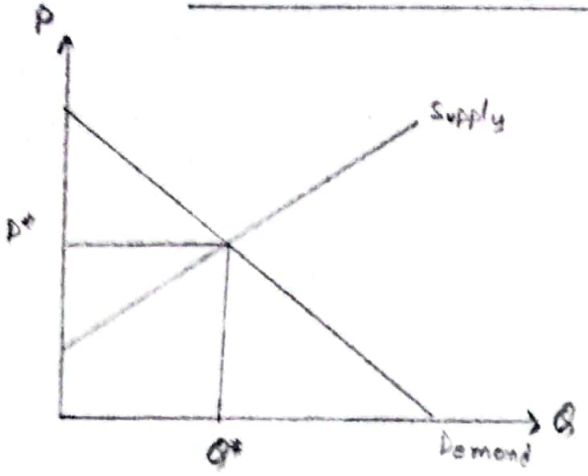
As the wages increased, so the supply will be decreased so the graph will slisft ~~left~~ from S_1 to S_2, Price P_1 will remain same, and Q_1 will be reduced to Q_2.

l



As the income raises the demand will increase hence the curve will slisft right from D_1 to D_2, Price P_1 will remain the same, and Quantity demand will be slisted from Q_1 to Q_2

Answer to the question no 10



a

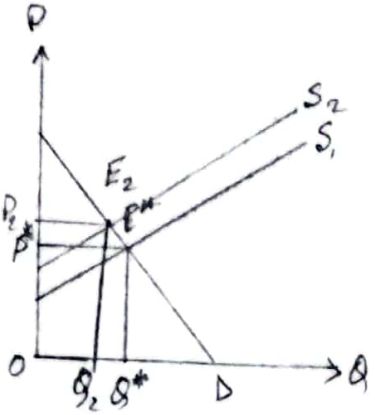
If the market price is above the equilibrium ~~then~~ ~~po~~ point then there will be marke supplus.

b

If the market price is below the equilibrium point then there will be market shortage.

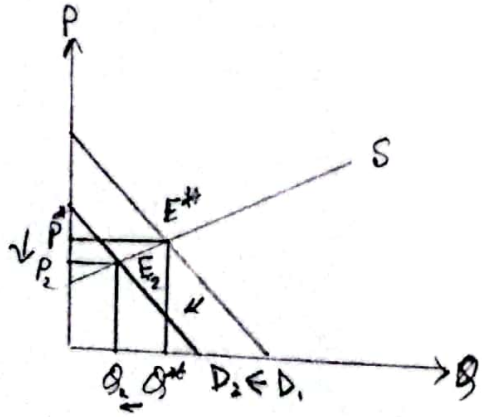
Answer to the question no 11

a



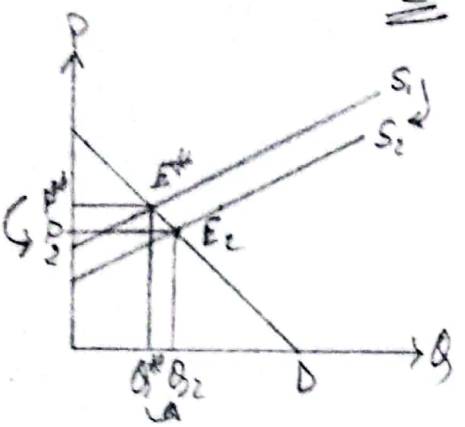
Initial market equilibrium will change due to the wage raise. The Equilibrium point will shift from E^* to E_2, market price will become from p^* to P_2, and the quantity will be from Q^* to Q_2.

b



As the news affect the demand, the initial equilibrium point will shift from E^* to E_2. The demand will shift left from D_1 to D_2, price will change from p^* to P_2. The quantity will shift from Q^* to Q_2.

c

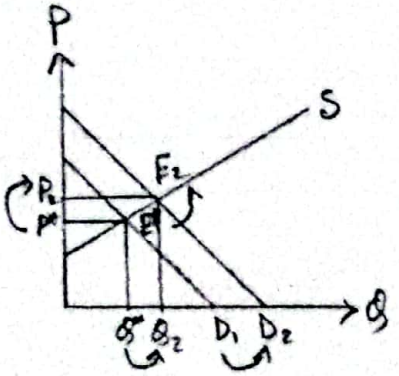


As the production cost decreases, they can produce more so, supply shifts from S_1 to S_2, Equilibrium point becomes E^* to E_2, market price P_2 and quantity Q_2 where as initial was P^* and Q^*

d

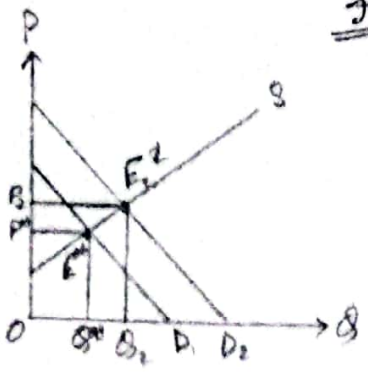
The equilibrium point will not be effected

c



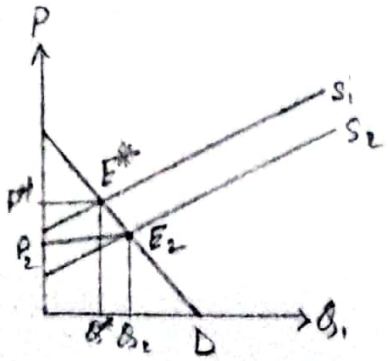
As the demand increases the Market demand will change from D_1 to D_2, hence the equilibrium point will shift from E^* to E_2. the price will be P_2 and quantity Q_2, where as initially price was P^* and quantity was Q^*.

f//



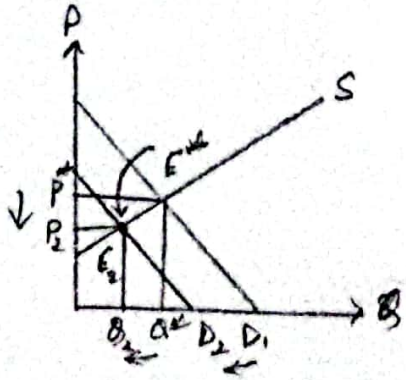
The Eaulibrium point will shift from E^* to E_2.

g



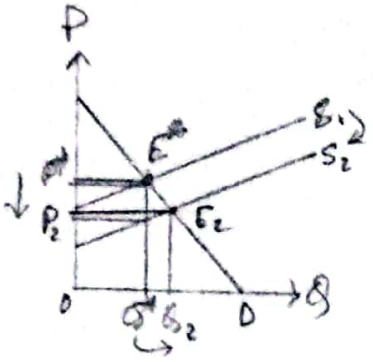
The eavilibrium point will shift from E^* to E_2.

h



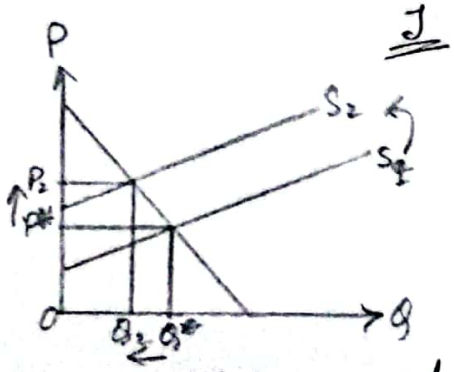
The eavilibrium point will shift from E^* to E_2.

i.



The equilibrium point will shift from E^{**} to E_2.

J



The equilibrium point will shift from E^{**} to E_2.

Answer to the question no 12

We know price ceiling means the setting the maximum market price.

Any price set above the market price is a non-binding price ceiling.

And any price set below the current market equilibrium price is a binding price ceiling.

Answer to the aveston no 13

We know, price flooring indicates, setting up an minimum selling price in the market.

So, any price set above the current market price is a binding price flooring.

And any price set below the current price is a non binding price flooring.

Answer to the qvestion no 14

a

Equilibrium point is at where the two graph intersected each other. Which is when the eq price is 220 & eq quantity is 350.

b// As Qc0 is a non binding price ceiling, nothing will change

c// As Qc0 is a non binding price ceiling price and quantity will not change

d// At 200 taka price ceiling quantity supply will be 200 but demand will be 400.

e// There will be market shortage at price 200 taka.