BRAC University

ECO101: Introduction to Microeconomics
Summer 2016| Final Examination
Time Duration: 2hrs 30mins

Answer any 4 questions out of 6|Each Question carries 20 Marks| Total= 80 Marks

1. Suppose that the supply schedule of lobsters in Cox's bazaar is as follows:

Price of lobster (per pound)	Quantity of lobster supplied (pounds)
$25	800
$20	700
$15	600
$10	500
$5	400

The demand schedule for lobsters Cox's Bazaar is as follows:

Price of lobster (per pound)	Quantity of lobster demanded (pounds)
$25	200
$20	400
$15	600
$10	800
$5	1,000

a) Draw the demand curve and the supply curve for lobsters in Cox's Bazaar in one diagram. What is the equilibrium price and quantity of lobsters? (4)

b) Now, during the Eid Holidays, there are increasing numbers of visitors to Cox's Bazaar , so the demand for lobster rises **greatly**, but due to a hurricane in the sea in the week before Eid, not enough lobsters were caught by the lobster industry. What will happen to the market for lobsters? Comment on the Price and Quantity of the new equilibrium using a diagram. (6)

c) With better lobster production techniques in place, the quantity of lobsters supplied to the market has increased, and customers outside of Cox's Bazaar have shown interest in purchasing more lobsters. In spite of these changes the price of lobsters in the market has remained the same. Explain using a diagram. (5)

d) Market Research has found that people have become bored of lobsters and prefer shrimp instead. Assuming the production level of shrimp has not changed, what will happen in the market for lobsters? Explain using a diagram. (5)

2. The production possibility boundary for Edward the carpenter is given below.

Chair	Table
100	0
80	10
60	20
40	30
20	40
0	50

a) Draw a Production Possibility frontier (PPF) for Edward. Clearly Identify the Attainable and Unattainable areas of production. (6)

b) If Edward produces 30 Tables and 30 Chairs with same level of resources, is it an efficient level of production? Why? (3)

c) What is the opportunity cost of increasing the production of "TABLE" from 10 to 20 units? (3)

d) Supply of Wood has decreased due to strict Government regulation on cutting down trees. Draw the new PPF. (3)

e) Edward has two factories. One produces chairs and the other produces tables. The factory that produces chairs caught on fire and some of the raw materials got destroyed. However the factory that produces tables remained intact. Show the shift from OLD to NEW PPF. (4)

---

3. The demand and supply equations for commodity *X* are $P = 60 - \frac{2}{3}Q_D$ and $P = -20 + \frac{3}{4}Q_S$ respectively.

(a) Sketch the demand and supply curves in an accurately labeled diagram. (2)

(b) Find the equilibrium values of price and quantity. (4)

(c) Copy and complete the following table (show the steps of your calculations) (6)

P	Q_D	Q_S
20		
30		
40		

(d) Calculate the price elasticity of demand for commodity *X* when its price increases from 30 to 40. Is it price elastic or inelastic (say why)? (2+1)

(e) Calculate the price elasticity of supply for commodity *X* when its price increases from 30 to 40. Is it price elastic or inelastic (say why)? (2+1)

(f) Assume that the coefficient of price elasticity of supply which you calculated does not change, by what percentage would the quantity supplied of *X* change if its price fell by 20%? Would the change be an increase or a decrease? (2)

4. The demand and supply equations for commodity *X* are $P = 80 - 2Q_D$ and $P = 10 + 3Q_S$ respectively.

(a) Sketch the demand and supply curves in an accurately labeled diagram. (2)

(b) Find the equilibrium values of price and quantity. (4)

(c) A tax of 15 is imposed on the sellers. Calculate the new equilibrium values of price and quantity. (4)

(d) What price do buyers pay and what price do sellers receive? (1)

(e) What is the tax burden of the buyer and the tax burden of the seller? (1)

(f) Calculate the tax revenue. (2)

(g) Calculate consumer surplus and producer surplus after the tax has been imposed. (4)

(h) Calculate the deadweight loss generated by the tax. (2)

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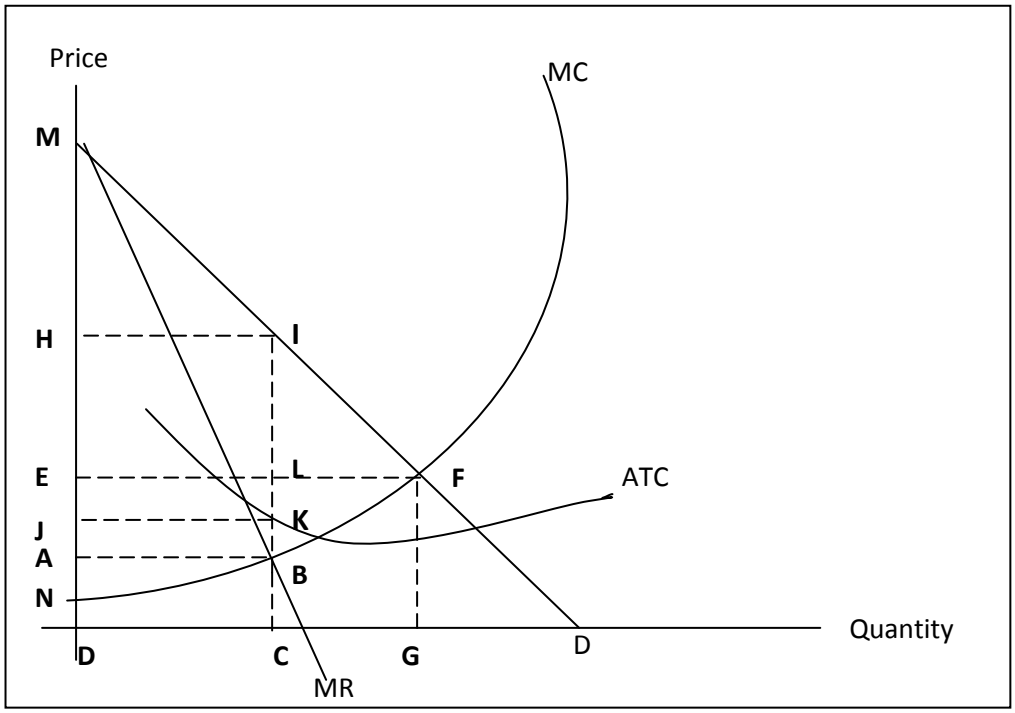
5. Consider the diagram below where the demand curve (D) and marginal cost curve (MC) of an industry is depicted. There is no fixed cost. If the industry is a single-price monopoly, the monopolist's marginal revenue curve would be MR. Answer the following questions by naming the appropriate **points** or **areas**.



(a) If the industry is a single-price monopoly, what quantity will the monopolist produce? AND what price will it charge? (3)

(b) Which area reflects the monopolist's profit? (2)

(c) Which area reflects consumer surplus under monopoly? (3)

(d) Which area reflects producer surplus under monopoly? (2)

(e) If the industry is perfectly competitive, what will be the total quantity produced? At what price? (3)

(f) Which area reflects consumer surplus under perfect competition? (2)

(g) Which area reflects producer surplus under perfect competition? (2)

(h) Which area represents the dead-weight loss to society created by the monopoly? (3)

6. Flying Food is a small catering company providing catered meals and snacks locally and the catering industry is perfectly competitive. Flying Food has a fixed cost of 100 Taka and their variable cost includes the wages of their cooks and the cost of the food ingredients. The table below represents the variable cost associated with each level of output.

Quantity of meals	**VC** (in Taka)
0	0
1	200
2	300
3	480
4	700
5	1000

(a) Calculate the total cost, the average variable cost (AVC), the average total cost (ATC), and the marginal cost (MC) for each quantity of output. (6)

(b) What is the break-even price? What is the shut-down price? (4)

(c) If the price of the catered meal is 180 Taka, what is their profit maximizing/loss minimizing output? (1)

(d) Now suppose that the price at which Flying Food can sell catered meals is 210 Taka per meal. In the short run, will they earn a profit/loss? In the short run, should they produce or shut down? (3)

(e) Suppose that the price at which Flying Food can sell catered meals is 170 Taka per meal. In the short run, will they earn a profit/loss? In the short run, should they produce or shut down? (3)

(f) Suppose that the price at which Flying Food can sell catered meals is 130 Taka per meal. In the short run, will they earn a profit/loss? In the short run, should they produce or shut down? (3)

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4. The demand and supply equations for commodity X are $P = 80 - 2Q_d$ and $P = 10 + 3Q_s$ respectively.

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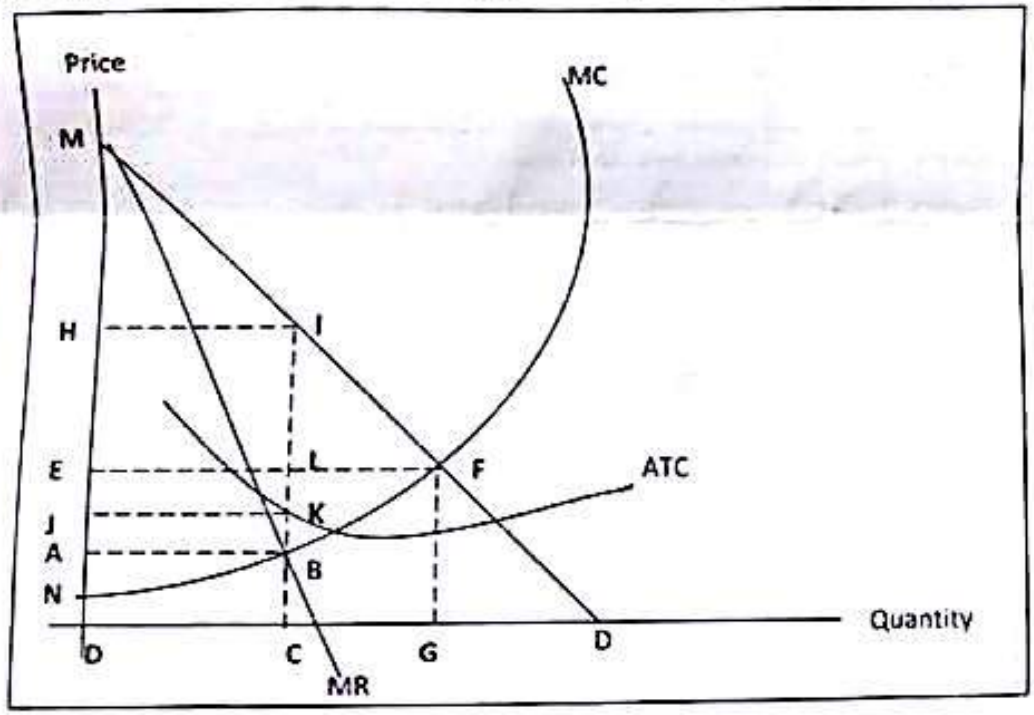

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(f) Assume that the coefficient of price elasticity of supply which you calculated does not change, by what percentage would the quantity supplied of X change if its price fell by 20%? Would the change be an increase or a decrease? (2)

Question 1.1

This is a lengthy assignment, but individual problems are not difficult to solve. Therefore, time will be a bigger issue than difficulty. Make sure you take that into consideration. Submission is due on August 22. As always, I request you to not wait until the last moment to submit the assignment. Submission deadline will be strictly enforced.

Remember that there are two formulae for percentage change in a variable. Use the formula we have used in the lectures.

1.a

0.0/2.0 points (graded)

Consider the apple-juice market. Demand for apple-juice is given by: $P = 540 - 2Q_D$ and supply of apple-juice is given by: $P = 50 + 5Q_S$.

What is the equilibrum price of a liter of apple-juice?

Answer: 400

What is the equilibrum quantity of a liter of apple-juice?

Answer: 70

Submit

Answers are displayed within the problem

1.b

0.0/3.0 points (graded)

Suppose the price of apple juice usually fluctuates between 350 and 450, depending on various market conditions. Calculate the Q_D and Q_S of apple-juice at these prices: 350, 400, and 450.
What is the quantity demanded of apple-juice at P=350?

Answer: 95

What is the quantity demanded of apple-juice at P=400?

Answer: 70

What is the quantity demanded of apple-juice at P=450?

Answer: 45

What is the quantity supplied apple-juice at P=350?

Answer: 60

What is the quantity supplied apple-juice at P=400?

Answer: 70

What is the quantity supplied apple-juice at P=450?

Answer: 80

Submit

Answers are displayed within the problem

1.c

0.0/8.0 points (graded)

Suppose the price of apple-juice changes from 350 to 450.
What is the price elasticity of demand of apple-juice?

Answer: -2.8572

What is the price elasticity of supply of apple-juice?

Answer: 1.1428

Submit

Answers are displayed within the problem

1.d

0.0/2.0 points (graded)

Using your answers from 1.c, what can you say about the demand and supply of apple-juice?

- ◯ Both demand and supply are elastic ✔
- ◯ Demand is elastic, supply is inelastic
- ◯ Demand is inelastic, supply is elastic
- ◯ Both demand and supply are inelastic

Submit

ℹ Answers are displayed within the problem

< Previous

Next >

Question 1.2

1.e

0.0/4.0 points (graded)

Suppose a new research is published showing that apple-juice is detrimental to health. This worries the consumers and they reconsider how much apple-juice they should be drinking.

What happens to the demand and supply of apple-juice?

- ◯ Demand decrease, supply increase
- ◯ Demand decrease, supply decrease
- ◯ Demand decrease, supply stays the same ✔
- ◯ Demand increase, supply stays the same

What happens to the equilibrium price and quantity?

- ◯ Price increase, quantity increase
- ◯ Price increase, quantity decrease
- ◯ Price decrease, quantity increase
- ◯ Price decrease, quantity decrease ✔

Submit

Answers are displayed within the problem

1.f

0.0/3.0 points (graded)

Suppose the new demand for apple-juice is: $P = 380 - Q_D$.

If price changes from 350 to 450, calculate the price elasticity of demand of apple-juice using this new demand curve.

It may help to draw the diagram to see what is going on. Remember that price or quantity cannot be negative.

Answer: -8

Submit

Answers are displayed within the problem

1.g

0.0/2.0 points (graded)

Is the new demand curve more or less elastic?

- ◯ More elastic ✔
- ◯ Less elastic
- ◯ Unchanged
- ◯ Not enough information given

Submit

Answers are displayed within the problem

1.h

0.0/2.0 points (graded)

Using the same supply curve and new demand curve, calculate the new equilibrium price of apple-juice.

Answer: 325

Calculate the new equilibrium quantity of apple-juice.

Answer: 55

Submit

Answers are displayed within the problem

Previous

Next

Question 1.3

1.i

0.0/2.0 points (graded)

Since apple-juice is bad for health, the government decides to impose a taka 60 tax on production of each liter of apple-juice. The new supply curve for apple-juice is given by: $P = 110 + 5Q_S$.

What is the new market price?

Answer: 335

What is the new market quantity?

Answer: 45

Submit

Answers are displayed within the problem

1.j

0.0/4.0 points (graded)

Given the new tax on producers, calculate the following:

What is the tax revenue of government?

Answer: 2700

How much of this tax-burden falls on the consumers?

Answer: 450 **or** 1350

How much of this tax-burden falls on the producers?

Answer: 2250 **or** 1350

Submit

Answers are displayed within the problem

1.k

0.0/2.0 points (graded)

What happens to the market after tax is imposed?

- ◯ Market becomes more efficient
- ◯ Deadweight loss increases ✔
- ◯ None of the above
- ◯ Market moves away from equilibrium to excess demand

Submit

Answers are displayed within the problem

Previous

Next

Question 1.4

Multiple Choice

0.0/2.0 points (graded)

While all these were playing-out in the apple-juice market, the demand in the orange-juice market experienced a steep increase.

What can you say about the cross-elasticity of demand between apple-juice and orange-juice?

- ◯ XED > 1 ✔
- ◯ 1 > XED > 0
- ◯ XED = 0
- ◯ 0> XED > -1
- ◯ -1 > XED

What type of goods are apple-juice and orange-juice?

- ◯ Strongly Complementary
- ◯ Weakly Complementary
- ◯ No relationship
- ◯ Weakly Substitute
- ◯ Strongly Substitute ✔

Submit

Answers are displayed within the problem

‹ Previous

Next ›

Question 2.1

2.a

0.0/2.0 points (graded)

Consider the following demand and supply equations for cigarettes:

$Q_D = 80 - 0.5P$ and $Q_S = -40 + 0.5P$.

Using the equations above, find the equilibrium price and quantity.

Equilibrium Quantity:

Answer: 20

Equilibrium Price:

Answer: 120

Submit

Answers are displayed within the problem

2.b

0.0/2.0 points (graded)

Find the consumer and producer surplus if the market is in equilibrium.

Consumer Surplus:

Answer: 400

Producer Surplus:

Answer: 400

Submit

Answers are displayed within the problem

Previous

Next

USIS

Course Catalog

Question 2.2

2.c

0.0/3.0 points (graded)

The government decides to impose a tax of tk.20 per unit on cigarette sellers. What is the effects of the tax on the price and quantity of cigarettes?

Equilibrium Quantity after Tax:

Answer: 15

Price paid by Buyers:

Answer: 130

Price paid by Sellers:

Answer: 110

Submit

Answers are displayed within the problem

2.d

0.0/3.0 points (graded)

Find the consumer surplus, producer surplus, and the deadweight loss after tax is imposed.

Consumer Surplus:

Answer: 225

Producer Surplus:

Answer: 225

Deadweight Loss:

Answer: 50

Submit

Answers are displayed within the problem

2.e

0.0/4.0 points (graded)

Calculate the total tax revenue that the government will be receiving from cigarette sales. Are sellers bearing the entire burden of the tax? If not, how much are they paying, and how much are buyers?

Tax Revenue:

Answer: 300

Buyers' Tax Burden:

Answer: 150

Sellers' Tax Burden:

Answer: 150

Submit

Answers are displayed within the problem

Previous

Next

About Us

Quiz 2

Q1

6.0/6.0 points (graded)

Consider the given table, that shows the level of production (of burgers) every day for a food-cart, for different numbers of workers. Suppose, fixed cost each day is 285. The cost of hiring each worker for a day is 53.

Quantity of workers	Quantity of burgers
0	0
1	110
2	200
3	270
4	300
5	320
6	330

Calculate the marginal cost of producing a burger when the number of workers is 1.
Give your answer in two decimal places.

0.48

✔ **Answer:** 0.4818181818181818

0.48

Calculate the marginal cost of producing a burger when the number of workers is 2.
Give your answer in two decimal places.

0.6

✔ **Answer:** 0.5888888888888889

0.6

Calculate the marginal cost of producing a burger when the number of workers is 3.
Give your answer in two decimal places.

0.8

✔ **Answer:** 0.7571428571428571

0.8

Calculate the marginal cost of producing a burger when the number of workers is 4.
Give your answer in two decimal places.

1.8 ✔ **Answer:** 1.7666666666666666

1.8

Calculate the marginal cost of producing a burger when the number of workers is 5.
Give your answer in two decimal places.

2.7 ✔ **Answer:** 2.65

2.7

Calculate the marginal cost of producing a burger when the number of workers is 6.
Give your answer in two decimal places.

5.3 ✔ **Answer:** 5.3

5.3

Submit

Answers are displayed within the problem

Q2

1.5/2.0 points (graded)
If the average total cost of producing 6 burgers a day falls when the firm doubles all its inputs (i.e.capital), then select all the following that applies

- [ ] the short-run average total cost curve shifts upward
- [ ] the long-run average cost curve slopes downward ✔
- [x] the firm experiences economies of scale ✱

- [ ] the firm moves along its short-run average total cost curve

✱

Submit

Answers are displayed within the problem

Q3

2.0/2.0 points (graded)

In the long-run _____, select all the following that applies

- [x] average cost curve is made up of the average total cost curves for which that quantity of capital has the lowest average total cost
- [x] all inputs are variable
- [ ] average cost lies below the short-run average total cost curves
- [ ] some inputs are variable and some inputs are fixed

✔

Submit

Answers are displayed within the problem

Previous

Next

Numerical Inputs

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply equations for Handmade Bags:

Qd=250-P and Qs= -100+P.

The government decides to impose a tax of Tk. 60 per unit.

What is the new consumer surplus after tax?

Answer: 1012.5

What is the new producer surplus after tax?

Answer: 1012.5

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply equations for Chocolates:

Qd=140-P and Qs= -120+P.

The government decides to impose a tax of Tk. 10 per unit.

What is the consumer surplus after tax?

Answer: 12.5

What is the producer surplus after tax?

Answer: 12.5

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply equations for Handmade Bags:

Qd=250-P and Qs= -100+P.

The government decides to impose a tax of Tk. 60 per unit.

What is the deadweight loss?

Answer: 900

What is the government revenue?

Answer: 2700

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

The following table shows the costs of producing burgers at the "Chill-Out" burger stall:

Quantity	*TFC*	*TVC*	*TC*	*MC*	*AFC*	*AVC*	*ATC*
0			100				
1				40		40	
2		60				D	
3				10			56.7
4	100	90			25	22.5	
5				30			
6		160			16.7		43.3
7				60			
8		300				37.5	D
9			A	120	11.1		
10		600		B	C		70

You should be able to fill up the missing information and simply put your answers for the red marked cells with zero decimal points below:

a) What is the value of A

Answer: 520

b) What is the value of B

Answer: 180

c) What is the value of C

Answer: 10

d) What is the value of D

Answer: 30

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Unimart and Agora grow the following amounts of potatoes and cabbage in their farms:

Unimart takes one week to produce 100 units of potatoes and 200 units of cabbages

Agora takes one week to produce 120 units of potatoes and 150 units of cabbages

Put numerical values only with zero decimal

a) What is the opportunity cost of Unimart to produce 10 units of potatoes:

Answer: 20

b) What is the opportunity cost of Unimart to produce 20 units if cabbages:

Answer: 10

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Price of rice increases from taka 52 per kg to taka 76 per kg. As a result, quantity demanded falls from 21980 kg per week to 17577 kg per week. Calculate the price elasticity of demand (PED) of rice.

Give your answer in two decimal places.

Answer: -0.5936412434377396

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Unimart and Agora grow the following amounts of potatoes and cabbage in their farms:

Unimart takes one week to produce 100 units of potatoes and 200 units of cabbages

Agora takes one week to produce 120 units of potatoes and 150 units of cabbages

Put numerical values only with zero decimal

a) What is the opportunity cost of Agora to produce 12 units of potatoes:

Answer: 15

b) What is the opportunity cost of Agora to produce 15 units if cabbages:

Answer: 12

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Price of rice increases from taka 59 per kg to taka 87 per kg. As a result, quantity supplied increases from 22103 kg per week to 28147 kg per week. Calculate the price elasticity of supply (PES) of rice.

Give your answer in two decimal places.

Answer: 0.6271670220326937

Submit

Answers are displayed within the problem

Previous

Next

Dropdowns

Dropdown

0.0/4.0 points (graded)

If the price elasticity of demand is greater than 1, a monopoly's

Select an option

Answer: total revenue increases when the firm lowers its price.

A monopoly firm expands its output and lowers its price. The firm finds that its total revenue falls. Hence, the firm is producing in the

Select an option **Answer:** inelastic range of its demand curve.

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

If a perfectly competitive industry becomes a monopoly and the costs do not change, which of the following allocation of costs and benefits applies?

Select an option

Answer: The producer benefits, but consumers and society are harmed.

Compared to a single-price monopoly, the price charged by a competitive industry with the same costs

Select an option

Answer: is lower than the monopoly's price.

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

A survey indicated that chocolate is favorite ice cream flavor in Bangladesh. A new report by the American Medical Association reveals that chocolate does, in fact, have significant health benefits. At the same time,new technology for mixing and freezing ice cream lowers manufacturers' costs of producing chocolate ice cream.As a result,

a)The supply of Ice-cream:

Select an option **Answer:** increases

b) The demand of Ice-cream:

Select an option **Answer:** increases

c)The equilibrium quantity of Ice-cream:

Select an option **Answer:** increases

d)The equilibrium price of Ice-cream:

Select an option **Answer:** not enough information

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

In order to increase the sales from 100 units to 101 units, a monopolist must drop the price of all of her products from Taka 20 to Taka 19. What is the marginal revenue?

Select an option **Answer:** Negative Taka 81

For a single price monopolist

Select an option **Answer:** Price is greater than MR

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

Suppose that good X has a very elastic demand and an inelastic supply. Supply of good X increases. What happens to the following?

It may help to draw the diagram before attempting this question.

Equilibrium price:

Select an option **Answer:** Decreases

Equilibrium quantity:

Select an option **Answer:** Increases

Equilibrium quantity demanded:

Select an option **Answer:** Increases

Given the available information, which of the following is true?

Select an option

Answer: Change in quantity is larger than change in price

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

Features of a firm's technology that lead to falling long-run average cost as output increases are

Select an option **Answer:** economies of scale

With given input prices, constant returns to scale are present when the percentage increase in output

Select an option

Answer: equals the percentage increase in all inputs

Submit

Answers are displayed within the problem

Previous

Next

Checkboxes

Checkboxes

0.0/4.0 points (graded)

Printing costs decreases. Which of the following is true for the market of newspapers:

- [ ] Demand increase
- [ ] Demand decrease
- [x] Supply increase
- [ ] Supply decrease
- [x] Equilibrium Quantity increase
- [ ] Equilibrium Quantity decrease

- [ ] Price increase
- [x] Price decrease

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

What is the effect on equilibrium price and quantity of the following.

a.A decrease in demand when supply remains constant

- [ ] Equilibrium Quantity increase
- [x] Equilibrium Quantity decrease
- [ ] Equilibrium Price increase
- [x] Equilibrium Price decrease

b. A decrease in demand that is greater than the increase in supply.

- [ ] Equilibrium Quantity increase
- [x] Equilibrium Quantity decrease

- [ ] Equilibrium Price increase
- [ ] Equilibrium Price decrease ✔

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

Suppose that good X has a very elastic demand and an inelastic supply. Supply of good X increases. Which of the following is true:

- [ ] Price increase
- [ ] Price decrease ✔
- [ ] Quantity increase ✔
- [ ] Quantity decrease
- [ ] Quantity demanded increase ✔
- [ ] Quantity demanded decrease
- [ ] Change in price is larger than change in quantity
- [ ] Change in price is smaller than change in quantity ✔

Submit

Answers are displayed within the problem

Previous

Next

Text Inputs

Text Input

0.0/4.0 points (graded)

a. Due to the outbreak of Covid-19 people decreased travelling. Will there be a shift or movement of the Demand curve for air tickets? (write only "shift" or "movement", in small letters)

Answer: shift

b. The equilibrium price of Mr. Cookies is 25tk in the market. Does the market have a shortage or surplus if the price falls to 20tk? (write only "shortage" or "surplus", in small letters)

Answer: shortage **or** excess demand

Submit

Answers are displayed within the problem

Text Input

0.0/4.0 points (graded)

.a. Due to the outbreak of Covid-19 people decreased travelling in public buses. Will there be a shift or movement of the Demand curve for bus tickets?(write "shift" or "movement", in small letters)

Answer: shift

b.The equilibrium price of Mr.Cookies biscuit is 25tk in the market. Does the market have a shortage or surplus if the price increases to 30tk? (write "shortage" or "surplus", in small letters)

Answer: surplus **or** excess supply

Submit

Answers are displayed within the problem

Text Input

0.0/4.0 points (graded)

A person is demoted at work because of bad performance and his income falls from taka 30,000 monthly to taka 20,000 monthly. As a result, he starts to buy fewer chickens and more potatoes for his meals.

What type of a good is a potato?

Answer in one word.

Answer: inferior **or** Inferior **or** Inferior good **or** inferior good **or** Inferior Good **or** Inferior Goods **or** Inferior goods **or** inferior goods

What type of a good is a chicken?

Answer in one word.

Answer: normal **or** Normal **or** Normal good **or** normal good **or** Normal Good **or** Normal Goods **or** Normal goods **or** normal goods

Due to the fall in income, the quantity demanded for chicken falls from 20 per week to 12 per week.

Is the YED of chicken elastic or inelastic?
Answer in one word.

Answer: elastic **or** elastic good **or** Elastic **or** Elastic Good **or** Elastic good

Submit

Answers are displayed within the problem

Previous

Next

End My Exam 0:23:03

Course > Quiz 3: ... > Quiz 3 > Quiz 3

Quiz 3

1(a)

0/1 point (graded)

Which of the following consumption possibilities will be selected in the first place in the pursuit of an individual's utility-maximizing choice?

- (●) A consumption possibility that costs less than the income of that individual
- ( ) A consumption possibility that exhausts the income of that individual
- ( ) A consumption possibility that costs more than the income of that individual

Submit You have used 1 of 1 attempt

✖ Incorrect (0/1 point)

You are taking "Quiz 3" as a timed exam. The timer on the right shows the time remaining in the exam. To receive credit for problems, you must select "Submit" for each problem before you select "End My Exam".

Show Less

End My Exam 0:23:03

biscuits. The value of marginal utility per dollar spent on biscuits is less than the value of marginal utility per dollar spent on tea. What can be concluded with respect to the quantity of consumption of the aforesaid goods based on the aforementioned estimates of marginal utility per dollar spent on those goods?

- (●) The person is consuming too much tea and too few biscuits
- ( ) The person is consuming too much tea and too many biscuits
- ( ) The person is consuming the utility-maximizing quantities of tea and biscuits
- ( ) The person is consuming too little tea and too many biscuits

✖

Submit You have used 1 of 1 attempt

✖ Incorrect (0/1 point)

1(c)

0/1 point (graded)

Aman earns 100 United States Dollars (USD) per month. He has the option of purchasing two goods, erasers and pencils. The price of an eraser is 4.50 USD and the price of a pencil is 5.50

You are taking "Quiz 3" as a timed exam. The timer on the right shows the time remaining in the exam. To receive credit for problems, you must select "Submit" for each problem before you select "End My Exam".

Show Less

End My Exam 0:23:03

- ◯ 10 erasers per month and 10 pencils per month
- ◯ 11 erasers per month and 9 pencils per month
- ◯ 13 erasers per month and 8 pencils per month

✖

Submit You have used 1 of 1 attempt

✖ Incorrect (0/1 point)

1(d)

0/1 point (graded)

The slope of which of the following curves is not a negative number?

- ◉ A budget line
- ◯ A curve depicting the marginal utility of an individual
- ◯ A curve depicting the total utility of an individual

✖

Submit You have used 1 of 1 attempt

You are taking "Quiz 3" as a timed exam. The timer on the right shows the time remaining in the exam. To receive credit for problems, you must select "Submit" for each problem before you select "End My Exam".

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0.0/6.0 points (graded)

Tee-Print Ltd. is a small print shop that sells customised printed t-shirts. They hire labour at the rate of tk. 4930.0 per worker and their fixed cost is equal to tk. 8047.0 per week. The table below is the product schedule of Tee-Print Ltd.

Labour (workers hired per week)	**Output (t-shirts produced per week)**
1	40.0
2	80.0
3	130.0
4	170.0
5	200.0
6	220.0
7	230.0

(a) What is the total cost, when output is 130.0?

Give your answer in 2-decimal places.

(b) What is the marginal cost per unit when we move from output 200.0 to output 220.0?

Give your answer in 2-decimal places.

(c) Consider that Tee-Print Ltd. is operating in its range of economies of scale and is on both its LRAC curve and its short-

You are taking "Quiz 3" as a timed exam. The timer on the right shows the time remaining in the exam. To receive credit for problems, you must select "Submit" for each problem before you select "End My Exam".

Show Less

End My Exam 0:23:03

- ◯ Zero and the slope of its ATC curve is negative
- ◯ Negative and the slope of its ATC curve is negative
- ◯ Negative and the slope of its ATC curve is zero

Submit You have used 0 of 1 attempt

‹ Previous

Next ›

ECO101: Introduction to Microeconomics

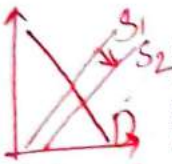
Summer 2018|Final Exam

Total Marks: 45 |Duration: 2hours 15 minutes

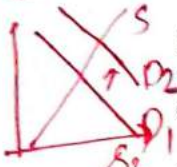
NOTE: Question **1** Compulsory and Answer **any 2** Questions out of Question 2, 3, & 4

Question 1 (15 Marks) Compulsory

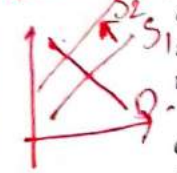
For each of the following scenarios, use a supply and demand diagram to **Illustrate and explain** the effect of the given shock on the Equilibrium price and quantity in the specified competitive market. Consider the market is initially in Equilibrium.



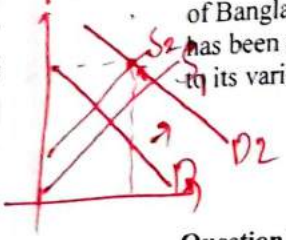
a. Due to the high costs of labour, several companies in the UK have started to outsource their production from various South Asian countries. TESCO is one such company that has decided to outsource their production of leather shoes from Bangladesh. Show the effect of this on the market for leather suppliers in Bangladesh. (3 Marks)



b. With serious Ebola outbreak between 2014 and 2016, many African countries have seen a drastic fall in tourists. Recently, airline companies are expecting a rise in tourism end of this year. Hence they are offering discounts on early bird tickets. Show the effect of this on the market for airline tickets to Africa. (3 Marks)



c. PHP Group of Industries are producers of both and Steel and Aluminum sheetsin Bangladesh. Steel and aluminum are produced in the same factory and they are substitutes of production. Show the effect in the market for aluminum if price of steel increases. (3 Marks)



d. Since the mid-2000s, there has been a sharp rise in preferences for foreign dairy products among the people of Bangladesh. New Zealand is the largest exporter and producer of dairy products around the world, but there has been a recent strike among dairy farmers in New Zealand. Consider that the effect of demand is large, due to its various use. Show how these changes will the effect the Bangladeshi market for dairy products. (6 Marks)

Question 2 (15 Marks)

Consider the following demand and supply equations for Good A: $P = 2000 - 50Q_D$ and $P = 500 + 10Q_S$.

a. Using the equations above sketch a demand-supply diagram for Good A **Accurately**. (3 Marks)

b. Find the equilibrium market price & quantity AND also the consumer and producer surplus for Good A (4 Marks)

c. The government now imposes a price ceiling of 600tk on Good A, therefore using the required information **calculate** the following: (8 Marks)

(i) Consumer surplus (after price ceiling)

(ii) Producer surplus (after price ceiling)

(iii) Total Search activity cost

(iv)Dead-weight loss

Question -3 (15 Marks)

The table below gives part of the supply schedule of laptops in the United States.

Price of laptops	Quantity of laptops supplied
$900	8,000
$1,100	12,000

a. Calculate the price elasticity of supply when the price increases from $900 to $1,100. (3 Marks)

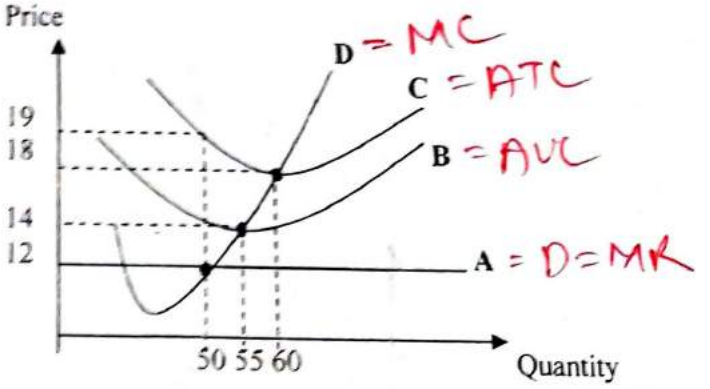
b. Suppose a longer time period under consideration means that the quantity supplied at any given price is 20% higher than the figures given in the table. As price increases from $900 to $1,100, is the price elasticity of supply now greater than, less than, or the same as it was in part (a)? (4 Marks)

c. Fewer people want to buy laptops during February than during any other month. The laptop manufacturing companies cancel about 10% of their laptop production as prices of laptop fall about 20% during this month. Calculate and illustrate your answer with a diagram showing the type of price elasticity of supply. (4 Marks)

d. Laptops and laptop bags are related goods. Now if the price of laptops decreases show using a demand-supply diagram, the effect of this price decrease on the market for laptop bags. (2 Marks)

e. Laptops and personal computers have a negative cross price elasticity of demand. What does this imply about the relationship between the two goods? (2 Marks)

Question -4 (15 Marks)



a) Identify the market structure in which the firm operates. (1 Mark)
b) Identify the curves labeled A, B, C and D. (4 Marks)
c) What is the profit maximizing output of the firm and at what price per unit is the output sold? (2 Marks)
d) At the profit maximizing output level, is the firm making a profit or loss? Calculate the profit/loss. (3 Marks)
e) Briefly explain whether this firm would shut down or stay open for business? (2 Marks)
f) Is the market structure you identified in part (a) efficient from a social point of view? Briefly explain. (3 Marks)

END

BRAC University

ECO101: Introduction to Microeconomics
Summer 2016| Final Examination
Time Duration: 2hrs 30mins

Answer any 4 questions out of 6|Each Question carries 20 Marks| Total= 80 Marks

1. Suppose that the supply schedule of lobsters in Cox's bazaar is as follows:

Price of lobster (per pound)	Quantity of lobster supplied (pounds)
$25	800
$20	700
$15	600
$10	500
$5	400

The demand schedule for lobsters Cox's Bazaar is as follows:

Price of lobster (per pound)	Quantity of lobster demanded (pounds)
$25	200
$20	400
$15	600
$10	800
$5	1,000

a) Draw the demand curve and the supply curve for lobsters in Cox's Bazaar in one diagram. What is the equilibrium price and quantity of lobsters? (4)

b) Now, during the Eid Holidays, there are increasing numbers of visitors to Cox's Bazaar , so the demand for lobster rises **greatly**, but due to a hurricane in the sea in the week before Eid, not enough lobsters were caught by the lobster industry. What will happen to the market for lobsters? Comment on the Price and Quantity of the new equilibrium using a diagram. (6)

c) With better lobster production techniques in place, the quantity of lobsters supplied to the market has increased, and customers outside of Cox's Bazaar have shown interest in purchasing more lobsters. In spite of these changes the price of lobsters in the market has remained the same. Explain using a diagram. (5)

d) Market Research has found that people have become bored of lobsters and prefer shrimp instead. Assuming the production level of shrimp has not changed, what will happen in the market for lobsters? Explain using a diagram. (5)

2. The production possibility boundary for Edward the carpenter is given below.

Chair	Table
100	0
80	10
60	20
40	30
20	40
0	50

a) Draw a Production Possibility frontier (PPF) for Edward. Clearly Identify the Attainable and Unattainable areas of production. (6)

b) If Edward produces 30 Tables and 30 Chairs with same level of resources, is it an efficient level of production? Why? (3)

c) What is the opportunity cost of increasing the production of "TABLE" from 10 to 20 units? (3)

d) Supply of Wood has decreased due to strict Government regulation on cutting down trees. Draw the new PPF. (3)

e) Edward has two factories. One produces chairs and the other produces tables. The factory that produces chairs caught on fire and some of the raw materials got destroyed. However the factory that produces tables remained intact. Show the shift from OLD to NEW PPF. (4)

---

3. The demand and supply equations for commodity *X* are $P = 60 - \frac{2}{3}Q_D$ and $P = -20 + \frac{3}{4}Q_S$ respectively.

(a) Sketch the demand and supply curves in an accurately labeled diagram. (2)

(b) Find the equilibrium values of price and quantity. (4)

(c) Copy and complete the following table (show the steps of your calculations) (6)

P	Q_D	Q_S
20		
30		
40		

(d) Calculate the price elasticity of demand for commodity *X* when its price increases from 30 to 40. Is it price elastic or inelastic (say why)? (2+1)

(e) Calculate the price elasticity of supply for commodity *X* when its price increases from 30 to 40. Is it price elastic or inelastic (say why)? (2+1)

(f) Assume that the coefficient of price elasticity of supply which you calculated does not change, by what percentage would the quantity supplied of *X* change if its price fell by 20%? Would the change be an increase or a decrease? (2)

4. The demand and supply equations for commodity *X* are $P = 80 - 2Q_D$ and $P = 10 + 3Q_S$ respectively.

(a) Sketch the demand and supply curves in an accurately labeled diagram. (2)

(b) Find the equilibrium values of price and quantity. (4)

(c) A tax of 15 is imposed on the sellers. Calculate the new equilibrium values of price and quantity. (4)

(d) What price do buyers pay and what price do sellers receive? (1)

(e) What is the tax burden of the buyer and the tax burden of the seller? (1)

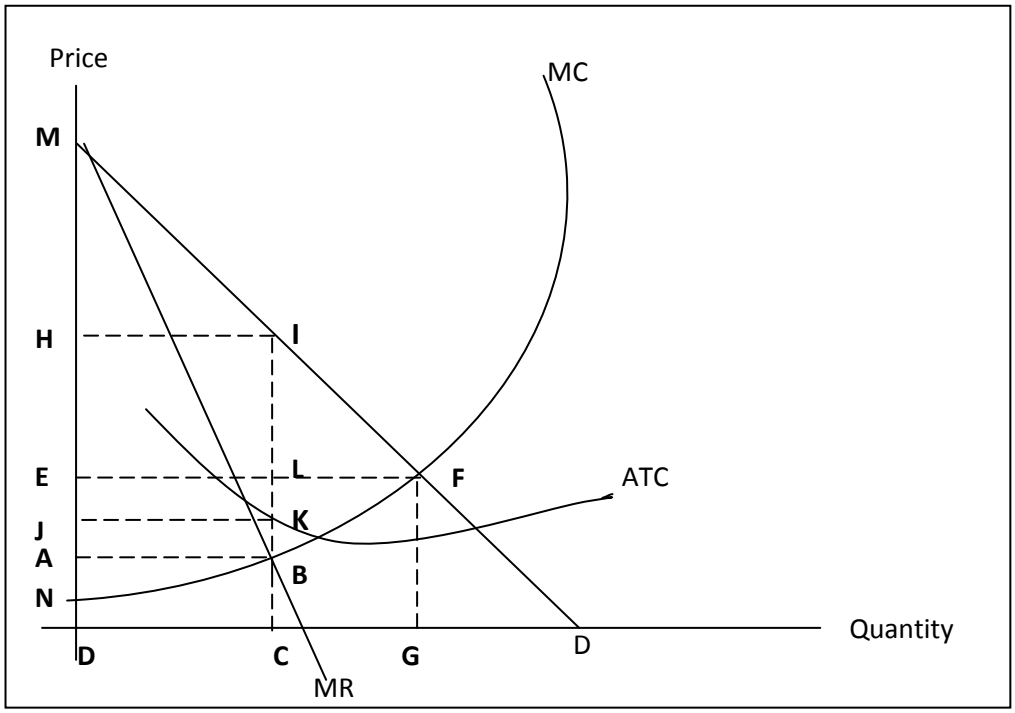
(f) Calculate the tax revenue. (2)

(g) Calculate consumer surplus and producer surplus after the tax has been imposed. (4)

(h) Calculate the deadweight loss generated by the tax. (2)

---

5. Consider the diagram below where the demand curve (D) and marginal cost curve (MC) of an industry is depicted. There is no fixed cost. If the industry is a single-price monopoly, the monopolist's marginal revenue curve would be MR. Answer the following questions by naming the appropriate **points** or **areas**.



(a) If the industry is a single-price monopoly, what quantity will the monopolist produce? AND what price will it charge? (3)

(b) Which area reflects the monopolist's profit? (2)

(c) Which area reflects consumer surplus under monopoly? (3)

(d) Which area reflects producer surplus under monopoly? (2)

(e) If the industry is perfectly competitive, what will be the total quantity produced? At what price? (3)

(f) Which area reflects consumer surplus under perfect competition? (2)

(g) Which area reflects producer surplus under perfect competition? (2)

(h) Which area represents the dead-weight loss to society created by the monopoly? (3)

6. Flying Food is a small catering company providing catered meals and snacks locally and the catering industry is perfectly competitive. Flying Food has a fixed cost of 100 Taka and their variable cost includes the wages of their cooks and the cost of the food ingredients. The table below represents the variable cost associated with each level of output.

Quantity of meals	**VC** (in Taka)
0	0
1	200
2	300
3	480
4	700
5	1000

(a) Calculate the total cost, the average variable cost (AVC), the average total cost (ATC), and the marginal cost (MC) for each quantity of output. (6)

(b) What is the break-even price? What is the shut-down price? (4)

(c) If the price of the catered meal is 180 Taka, what is their profit maximizing/loss minimizing output? (1)

(d) Now suppose that the price at which Flying Food can sell catered meals is 210 Taka per meal. In the short run, will they earn a profit/loss? In the short run, should they produce or shut down? (3)

(e) Suppose that the price at which Flying Food can sell catered meals is 170 Taka per meal. In the short run, will they earn a profit/loss? In the short run, should they produce or shut down? (3)

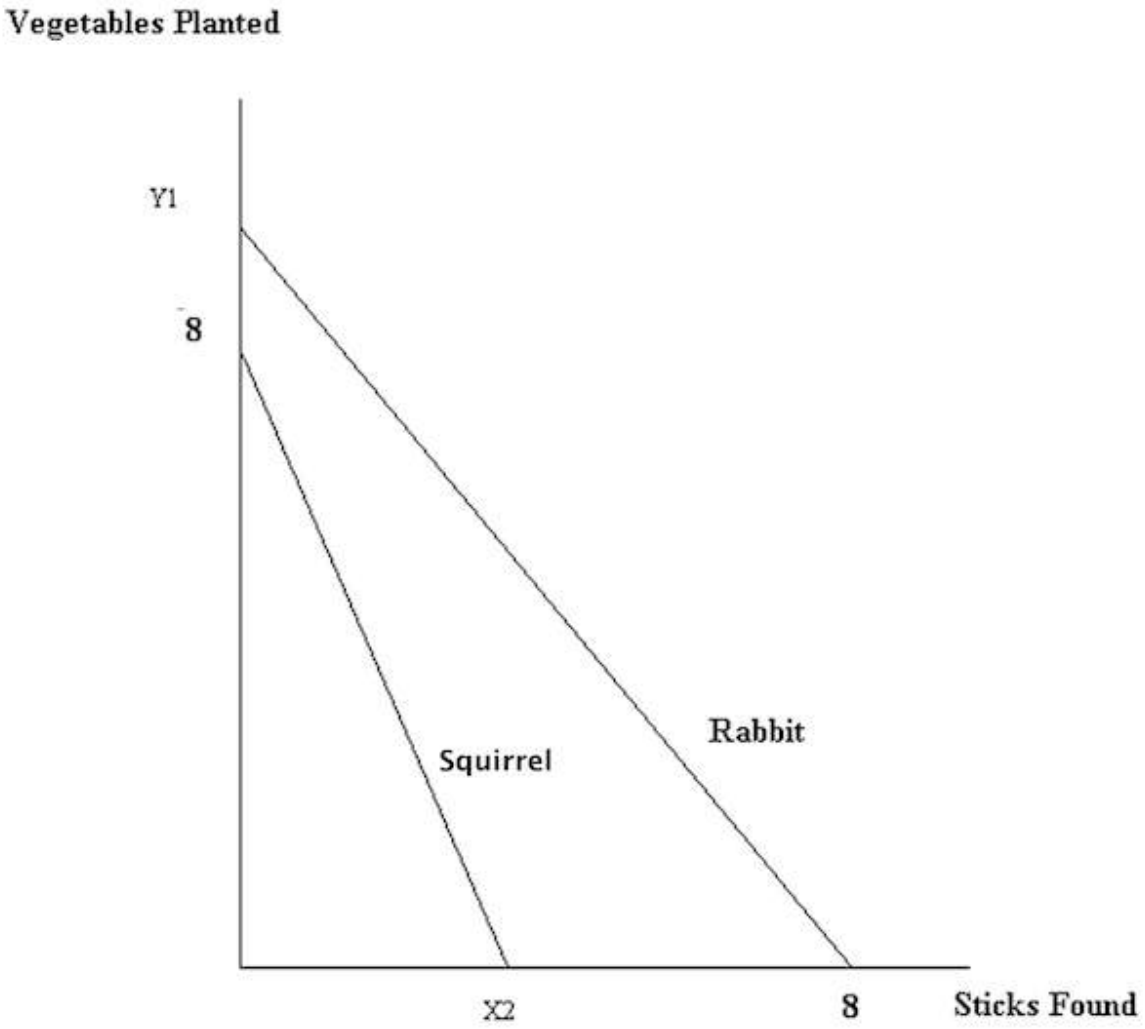
(f) Suppose that the price at which Flying Food can sell catered meals is 130 Taka per meal. In the short run, will they earn a profit/loss? In the short run, should they produce or shut down? (3)

Introductory Economic Concept

Q1. Numerical Input

0.0/2.0 points (graded)

Squirrel and Rabbit live in the Hundred Acre Wood. Both can spend their time planting vegetables or looking for sticks. The following graph shows their linear production possibilities. You are also told that the opportunity cost of producing one unit of vegetables for Rabbit is 1/3 unit of sticks found and that the opportunity cost of producing one unit of vegetables for Squirrel is ¼ unit of sticks found.



What is the value of Y1

Provide Numerical answer only.

Answer: 24

What is the value of X2

Provide Numerical answer only.

Answer: 2

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Q2. MCQ

0.0/2.0 points (graded)

Harry and Sally are award winning chefs. Harry and Sally got orders for a Mexican party where the menu consisted of tacos and burritos. They both were provided with equal amounts of ingredients. The following table shows their production possibilities. Choose the correct answer.

Harry	
Burritos	Tacos
0	20
10	10
20	0

Sally	
Burritos	Tacos
0	20
5	10
10	5
15	0

What is the opportunity cost of Sally making Tacos

Provide Numerical answer only.

Answer: 0.75 **or** .75 **or** 3/4

Select the correct answer below

- Harry should make Tacos and Sally Burritos, according to comparative advantage
- Harry should make everything since he is better than Harry, according to absolute advantage

- ◯ Sally should make everything since she is better than Harry, according to absolute advantage
- ◯ Harry should make Burritos and Sally Tacos, according to comparative advantage ✔

Submit You have used 0 of 1 attempt

ℹ Answers are displayed within the problem

Q3. Checkboxes

0.0/1.0 point (graded)

Which of the following statements are correct?

- ☐ Economics is a natural science.
- ☐ In large measure, economics is the study of how people make choices. ✔
- ☐ Economics is the study of how society uses limited resources. ✔
- ☐ Economic analysis can be used to explain how societies, but not individuals, make decisions

Submit You have used 0 of 1 attempt

ℹ Answers are displayed within the problem

‹ Previous

Next ›

Demand & Supply

Numerical Input

0.0/2.0 points (graded)

Here are the equations for the demand and supply curves: $P = 1597 - 9.25\ Q_D$ and $P = 513 + 7.2\ Q_S$.

Calculate the equilibrium price.

Please give your answer in 2 decimal places.

Answer: 987.4559270516718

Calculate the equilibrium quantity.

Please give your answer in 2 decimal places.

Answer: 65.89665653495442

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Text Input

0.0/0.5 points (graded)

(Continuation of the previous numerical input): Suppose, government thinks that the equilibrium price is too low, therefore, they set a minimum price for the goods. Now, comment whether there will be any shortage or surplus -

Answer in one word.

Answer: surplus **or** surplus **or** Surplus **or** SURPLUS **or** surpluses

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Checkboxes

0.0/1.0 point (graded)

Due to last year's serious price hike, suppose, government has decided to import huge amount of onions from foreign countries and at the same time farmers are expecting better harvest of onions. If the demand for onion remains the same. Which of the following is/are true:

- [ ] Quantity demanded increases ✔
- [ ] Quantity demanded decreases
- [ ] Demand for onion increases
- [ ] Demand for onion decreases

- [x] Supply of onion increases
- [ ] Quantity supplied of onion decreases
- [ ] Quantity supplied of onion increases
- [ ] Supply of onion decreases
- [x] Equilibrium Quantity increases
- [ ] Equilibrium Quantity decreases
- [ ] Equilibrium Price increases
- [x] Equilibrium Price decreases

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Dropdown

0.0/1.5 points (graded)

(i) A local grocery store orders 100 KGs of potato each week and sells them at a price of 32tk per KG. At the end of the first week, they have only sold 60 KGs.

What economic situation is the grocery store facing and what will have to happen to price in order for equilibrium to be attained?

Select an option **Answer:** surplus; price will fall.

(ii) Considering, beef and chicken are two substitute goods, which of the following event will cause an increase in the market demand for chicken?

Select an option

Answer: An increase in the price of beef

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Previous

Next

Question 1

Question 1

0.0/10.0 points (graded)

You have only one attempt to submit your answers. Answers once submitted are final and cannot be changed. Take your time and read through the questions multiple times. Check your workings multiple times. Click on submit only when you are sure.

Consider the apple-juice market. Demand for apple-juice is given by: $P = 71 - 4Q_D$ and supply of apple-juice is given by: $P = 30 + 2Q_S$.

i. What is the equilibrum price of a liter of apple-juice?
Give your answer in two decimal places.

Answer: 43.666666666666664

ii. What is the equilibrum quantity of a liter of apple-juice?
Give your answer in two decimal places.

Answer: 6.833333333333333

Suppose, the current market price for a liter of apple-juice is 50.0 in the market.

iii. At this price level, which of the following options best characterize the market of apple-juice?

- ◯ The market clears
- ◯ Shortage in the market
- ◯ Surplus in the market ✔
- ◯ The governmant has imposed tax worth around 6 per unit

iv. Calculate the size of market surplus/shortage in the market at this price level.
Give your answer in two decimal places.

Answer: 4.75

Suppose a new research is published showing that apple-juice is detrimental to health. This worries the consumers and they reconsider how much apple-juice they should be drinking.

v. What happens to the demand and supply of apple-juice?

- ◯ Demand decrease, supply increase
- ◯ Demand decrease, supply decrease
- ◯ Demand decrease, supply stays the same ✔

◯ Demand increase, supply stays the same

vi. What happens to the equilibrium price and quantity?

◯ Price increase, quantity increase

◯ Price increase, quantity decrease

◯ Price decrease, quantity increase

◯ Price decrease, quantity decrease ✔

Suppose the new demand for apple-juice is: $P = 66 - 4Q_D$.

vii. Calculate the new equilibrium price of apple-juice.
Give your answer in two decimal places.

Answer: 42.0

viii. Calculate the new equilibrium quantity of apple-juice.
Give your answer in two decimal places.

Answer: 6.0

ix. Demand of a good increases. As a result, the equilibrium price and quantity increases in the market. Which of the following is true?

- ◯ Supply and quantity supplied increases
- ◯ Only supply increases
- ◯ Only quantity supplied increases ✔
- ◯ No change to either supply or quantity supplied

x. You have calculated two equilibrium points. Calculate the price elasticity of supply (PES) between these two points.
Give your answer in two decimal places.

Answer: 3.3376623376623407

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Previous

Next

USIS

Course Catalog

Question 2

Question 2.a

0.0/6.0 points (graded)

Consider the same apple-juice market. Suppose now, the demand curve a liter of apple-juice is given by: $P = 121 - 3Q_D$.

i. Calculate the price elasticity of demand of apple-juice when price rises from 53 to 82.
Give your answer in two decimal places.

Answer: -1.261682242990654

After the price rise, the income of a person goes up from 32893 to 41071. The new demand curve is $P = 142 - 3Q_D$.

ii. Calculate the income elasticity of demand.
Give your answer in two decimal places.

Answer: 1.9184804760740197

iii. Due to this increase income, has demand become more or less elastic?

- ◯ More elastic
- ◯ Less elastic ✔
- ◯ Income and demand elasticity are not related
- ◯ Not enough information given

iv. If the increase in income (and the subsequent shift of the demand curve) had occured before the rise in price, what would the YED be?
Give your answer in two decimal places.

Answer: 1.2097424658046367

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Question 2.b

0.0/4.0 points (graded)
While all these were playing-out in the apple-juice market, the demand in the orange-juice market experienced a steep increase.

i. What can you say about the cross-elasticity of demand between apple-juice and orange-juice?

- ◯ XED > 1 ✔

- ◯ 1 > XED > 0
- ◯ XED = 0
- ◯ 0> XED > -1
- ◯ -1 > XED

ii. What type of goods are apple-juice and orange-juice?

- ◯ Strongly Complementary
- ◯ Weakly Complementary
- ◯ No relationship
- ◯ Weakly Substitute
- ◯ Strongly Substitute ✔

iii. Suppose the price of apple-juice increases from 26 to 47. As a result, the quantity demanded of orange-juice rises from 8 to 35. Calculate the cross-elasticity of demand between a liter of apple-juice and a liter of orange-juice.

Give your answer in two decimal places.

Answer: 2.1827242524916945

iv. What do you expect the cross-elasticity of demand between orange-juice and a packet of batteries to be?

- ◯ Negative
- ◯ Zero ✔
- ◯ Positive
- ◯ Not enough information to say

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Previous

Next

Question 1: Efficiency and Welfare

1.a

0.0/6.0 points (graded)

Consider the following demand and supply equations for Chocolates:

Qd=140-P and Qs= -120+P.

Using the equations above, and find the equilibrium price.

Answer: 130

What is the equilibrium quantity?

Answer: 10

Find the consumer surplus if the market is in equilibrium.

Answer: 50

Find the producer surplus if the market is in equilibrium.

Answer: 50

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

1.b

0.0/4.0 points (graded)

Consider the following demand and supply equations for Chocolates:

Qd=140-P and Qs= -120+P.

The government decides to impose a tax of Tk. 10 per unit on the producers.

What is the consumer surplus after tax?

Answer: 12.5

What is the producer surplus after tax?

Answer: 12.5

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Previous

Next

Question 2: Global Market in Action

2.a

0.0/4.0 points (graded)

Under free trade, the quantity of smartphones produced by local producers in Country A is 23945 per year and the quantity of smartphones bought in Country A is 78037 per year. After the imposition of an import quota of X units per year, the quantity of smartphones produced by local producers in the aforementioned country is 48748 per year and the quantity of smartphones bought in the aforementioned country is 52357 per year. What is the value of X?

Answer: 3609

Under autarky, the equilibrium quantity of chairs in India is 141940 per year. Once free trade is introduced with the world, quantity of chairs produced in India is 183817 per year and quantity of chairs purchased by Indian citizens is 86799 per year. What is the volume of exports of chair from India under free trade?

Answer: 97018

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

2.b

0.0/2.0 points (graded)

Suppose Vietnam has a comparative advantage in producing trousers. The price of a trouser is 1200 Vietnamese Dong (VND) in Vietnam when it has no trading relationships with other countries. If Vietnam engages in international trade, what will happen to the price of a trouser in Vietnam under that scenario?

- ◯ It will become more than 1200 VND. ✔
- ◯ It will become less than 1200 VND.
- ◯ It will remain equal to 1200 VND.
- ◯ None of the other three answer choices.

The groups that are negatively impacted by international trade are not fully compensated for their losses from trade. Which of the following factor is a potential reason behind the absence of provision of compensation to the individuals who lose from trade?

- ◯ It is difficult to detect the groups which accrued losses from international trade.
- ◯ It is challenging to determine the magnitude of losses of people that were financially hit by international trade.
- ◯ It is difficult to establish that international trade was the primary factor behind the worsening economic conditions of people who were perceived to be negatively impacted by international trade.
- ◯ All of the above ✔

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

2.c

0.0/4.0 points (graded)

Consider the case of good C in Country D. Domestic producers of good C sell that good in the domestic market of Country D. These domestic producers are adversely affected by import of that good from the rest of the world. Which of the following factors will cause domestic producers of the aforesaid good to be worse off under the incidence of imports?

- [x] If good C is imported from the rest of the world, it will reduce the price that is received by domestic producers of that good in the aforementioned country ✔ ✔ ✔
- [x] If good C is imported from the rest of the world, it will reduce the quantity that is sold by domestic producers of that good in the aforementioned country ✔ ✔ ✔
- [ ] If good C is imported from the rest of the world, it will increase the quantity purchased of that good in the aforementioned country
- [ ] None of the above

In Country Z, tariff is imposed on the import of corn. Which of the following cohorts of individuals are benefitted by the imposition of import tariff?

- [ ] Consumers of corn in Country Z
- [x] Producers of corn in Country Z ✔ ✔ ✔
- [x] Government of Country Z ✔ ✔ ✔

- [ ] Exporters of corn who are based in other countries

Import quota and tariff are two noteworthy trade instruments. Which of the following observations can be made both in the cases of tariff and quota?

- [ ] They raise the price of the good compared to the price under free trade. ✔ ✔ ✔
- [ ] They increase the quantity exported of a good by firms that have a comparative advantage in producing that good.
- [ ] They enable governments to earn revenue from the imposition of these trade instruments.
- [ ] They make domestic producers of the imported good better off compared to the scenario under free trade. ✔ ✔ ✔

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Previous

Next

Question-1: Preferences, Possibilities & Choices

Q1 (i)

0.0/3.0 points (graded)

A person has the option of buying two goods: milkshakes and sandwiches. The price of a milkshake is US$5 and the price of a sandwich is US$10. There are three combinations of milkshakes and sandwiches that will exhaust the person's income. Under combination 1, he will consume 2 milkshakes per week and 3 sandwiches per week for which his marginal utility from milkshake is 130 units and marginal utility from sandwich is 170 units. Under combination 2, he will consume 4 milkshakes per week and 2 sandwiches per week for which his marginal utility from milkshake is 100 units and marginal utility from sandwich is 200 units. Under combination 3, he will consume 6 milkshakes per week and 1 sandwich per week for which his marginal utility from milkshake is 80 units and marginal utility from sandwich is 230 units.

a) How many milkshakes the person must consume per week to maximize his total utility according to the method of choices made at the margin?

Answer: 4

b) How many sandwiches the person must consume per week to maximize his total utility according to the method of choices made at the margin?

Answer: 2

c) What is the value of marginal utility per dollar of sandwich, when the person selects the combination that maximizes his total utility? (Give your answer in two decimal places)

Answer: 20.00

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Q1 (ii)

0.0/2.0 points (graded)

Ahmed has a monthly income of 10,000 Bangladeshi Taka (BDT) and has the option of purchasing two goods: burgers and pens. The price of a burger is 500 BDT and the price of a pen is 100 BDT. Which of the following combinations of burgers and pens will be represented by a point that is situated outside Ahmed's budget line? Select all the answers that are correct below

- [ ] 19 burgers per month and 10 pens per month ✔
- [ ] 16 burgers per month and 20 pens per month
- [ ] 14 burgers per month and 35 pens per month ✔
- [ ] 10 burgers per month and 40 pens per month

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Q1 (iii)

0.0/1.0 point (graded)

Best affordable choice is a combination of commodities that exhausts an individual's income. Best affordable point is a point that graphically depicts the best affordable choice of an individual. Which of the following factors are considered in deriving the best affordable point of an individual?

- ◯ Position of the indifference curve
- ◯ Marginal rate of substitution
- ◯ Relative price
- ◯ All of the above three answer choices ✔

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Q1 (iv)

0.0/1.0 point (graded)

Total utility generally increases as an individual consumes higher quantity of a good. For which of the following goods, will total

utility decrease with higher consumption of that good even if an individual consumes few units of that good?

- ◯ Polluted air ✔
- ◯ Strawberry
- ◯ Lemonade
- ◯ Rabindranath Tagore's poems

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Q1 (v)

0.0/1.0 point (graded)

Imran has the option of purchasing two goods, pizzas and sausages. In addition, he is indifferent between consuming the aforesaid goods. In the initial situation, the price of a pizza was 500 BDT and the price of a sausage was 50 BDT. At the prices, mentioned above, Imran consumed 5 pizzas per month and 4 sausages per month. Now, the price of a pizza has decreased from 500 BDT to 400 BDT and the price of a sausage has remained unchanged. Which of the following combinations of pizza and sausage will represent Imran's consumption of these goods in view of the aforementioned change in the price of a pizza?

- ◯ Less pizzas and more sausages compared to the initial situation
- ◯ Same quantities of pizzas and sausages as that of the initial situation
- ◯ More pizzas and less sausages compared to the initial situation ✔
- ◯ Less pizzas and less sausages compared to the initial situation

Submit You have used 0 of 1 attempt

ℹ Answers are displayed within the problem

Q1 (vi)

0.0/1.0 point (graded)

A demand curve visualizes the relationship between price of a good and its quantity demanded, other things remaining the

same. Which of the following variables are considered in deriving the demand curve?

- ◯ Indifference curve
- ◯ Best affordable point
- ◯ Budget line
- ◯ All of the above three answer choices ✔

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Q1 (vii)

0.0/1.0 point (graded)

Which of the following factors will lead to a shift of the budget line?

- ◯ Change in the price of the good in the horizontal axis
- ◯ Change in the price of the good in the vertical axis
- ◯ Change in the income of the individual ✔
- ◯ None of the above three answer choices

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Previous

Next

Question 2: Output & Costs

Q2 (i)

0.0/8.0 points (graded)

The following table shows the costs of producing burgers at the "Chill-Out" burger stall:

Quantity	*TFC*	*TVC*	*TC*	*MC*	*AFC*	*AVC*	*ATC*
0			100				
1				40		40	
2		60				D	
3				10			56.7
4	100	90			25	22.5	
5				30			
6		160			16.7		43.3
7				60			
8		300				37.5	D
9			A	120	11.1		
10		600		B	C		70

You should be able to fill up the missing information and simply put your answers for the red marked cells with zero decimal points below:

a) What is the value of A

Answer: 520

b) What is the value of B

Answer: 180

c) What is the value of C

Answer: 10

d) What is the value of D

Answer: 30

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Q2(ii)

0.0/2.0 points (graded)

Consider general product and cost functions. Select all the answers that are correct below

- [x] When marginal product exceeds average product, average product is rising ✔
- [x] If marginal product equals average product, average product is a maximum ✔
- [x] If marginal cost is below average variable cost, then average variable cost is falling ✔
- [x] Diminishing marginal returns start when as output increases, marginal product begins to decrease ✔

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

‹ Previous

Next ›

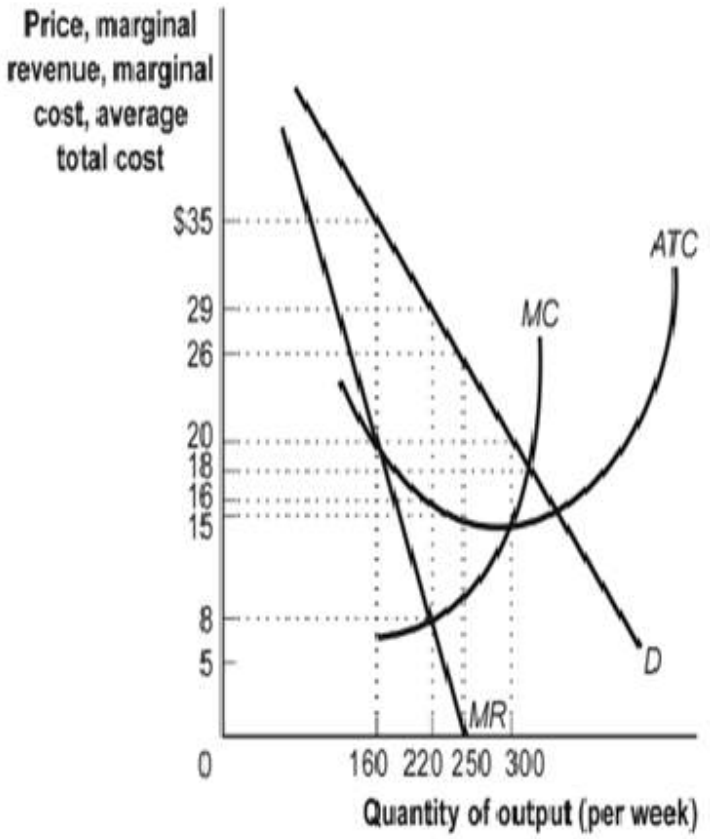
Questions

Numerical Input

0.0/8.0 points (graded)

Susan runs a natural monopoly by supplying water for a remote village.

The diagram below shows her output and pricing decision. Use the graph to answer the follwoing questions-



Q.1 In order to maximize profit, how many units of water will Susan produce? [Answer in Numerics only]

Answer: 220

Q.2 What is Susan's per unit cost at profit maximizing unit? [Answer in Numerics only]

Answer: 16

Q.3 The price at which the monopolist sells the water for is- [Answer in Numerics only]

Answer: 29

Q.4 Total profit earned by the sell of water is- [Answer in Numerics only]

Answer: 2860

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Multiple Choice

0.0/6.0 points (graded)

Q.1 The marginal revenue received by a firm in a perfectly competitive market:

- is greater than the market price.
- is less than the market price.
- is equal to its average revenue. ✔
- increases with the quantity of output sold.
- decreases with the quantity of output sold.

Q.2 If price is currently between average variable cost and average total cost, then in the short run a perfectly competitive firm should:

- shut down.

- ◯ continue to produce to minimize losses. ✔
- ◯ raise price.
- ◯ increase production to increase profit.
- ◯ reduce production to increase profit.

Q.3 Lilly is the price-taking owner of an apple orchard. Currently the price of apples is high enough that Lilly is earning positive economic profits. In the long run, Lilly should expect:

- ◯ lower apple prices due to entry of new firms. ✔
- ◯ higher apple prices due to exit of existing firms.
- ◯ lower apple prices due to exit of existing firms.
- ◯ higher apple prices due to entry of new firms.
- ◯ no change in apple prices.

Q.4 A natural monopoly exists when:

- ◯ a few firms collude to make one large firm.
- ◯ economies of scale provide large cost advantages to having one firm produce the industry's output. ✔
- ◯ firms naturally maximize profit regardless of market structure.

- firms enter the industry as a result of profit incentives.
- government creates a natural barrier to entry for other firms.

Q.5 Which of the following is an example of Monopoly Market:

- Biman Airlines
- Grameen Phone Network
- Bangladesh Railway ✔
- Dell Inc
- Agora Super Store

Q.6 Peter runs a local laundry service which is a perfectly competitive industry. In the short run, Peter will shut down his service rather than continue with it if:

- the total revenues can't cover the total fixed costs.
- the total revenues can't cover the total variable costs. ✔
- the total revenues can't cover the total cost.
- the price exceeds the average total cost.
- losses are smaller than the total fixed costs.

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Checkboxes

0.0/6.0 points (graded)

Which of the following options best describe a perfect compitative market- [More than 1 correct option]

- [x] No barrier to entry or exit into the market ✔
- [ ] Price is greater than marginal cost
- [ ] Few buyers and sellers in the market
- [x] Positive economic profit in the short run. ✔

Dead weight loss occurs in Monopoly market because-[More than 1 correct option]

- [x] Price charged by a monopolist is higher than Perfectly Competitive Market ✔
- [x] A monopoly market restricts output below the level in perfect competition ✔
- [ ] A monopolist makes greater profit by producing at the minimum possible long-run average cost
- [ ] For a monopoly market marginal benefit equals marginal cost;

You have used 0 of 1 attempt

Submit

Answers are displayed within the problem

Previous

Next

Dropdowns

Dropdown

0.0/4.0 points (graded)

If a perfectly competitive industry becomes a monopoly and the costs do not change, which of the following allocation of costs and benefits applies?

Select an option

Answer: The producer benefits, but consumers and society are harmed.

Compared to a single-price monopoly, the price charged by a competitive industry with the same costs

Select an option

Answer: is lower than the monopoly's price.

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

Consider the three goods, X, Y, and Z. X and Y are substitutes. X and Z are complements. Y and Z are complements. Suppose there has been a price hike on good X.

Using this information, answer the following questions.

What can we say about the value of XED between good X and good Y?

Select an option **Answer:** XED > 0

What can we say about the value of XED between good X and good Z?

Select an option **Answer:** XED < 0

What effect will the rise in the price of X have on the demand for Y?

Select an option **Answer:** Demand will increases

What effect will the rise in the price of X, and other subsequent changes in the market, have on the demand for Z?

Select an option **Answer:** Not enough information given

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

Features of a firm's technology that lead to falling long-run average cost as output increases are

Select an option **Answer:** economies of scale

With given input prices, constant returns to scale are present when the percentage increase in output

Select an option

Answer: equals the percentage increase in all inputs

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

Which of the following measures, associated with international trade, is prohibited by the World Trade Organization (WTO)?

Select an option **Answer:** Export subsidy

Which of the following answer choices does not support the implementation of trade restrictions or trade restrictive measures?

Select an option **Answer:** Comparative advantage

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

If the price elasticity of demand is greater than 1, a monopoly's

Select an option

Answer: total revenue increases when the firm lowers its price.

A monopoly firm expands its output and lowers its price. The firm finds that its total revenue falls. Hence, the firm is producing in the

Select an option **Answer:** inelastic range of its demand curve.

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

Suppose that good X has a very elastic demand and an inelastic supply. Supply of good X increases. What happens to the following?

It may help to draw the diagram before attempting this question.

Equilibrium price:

Select an option **Answer:** Decreases

Equilibrium quantity:

Select an option **Answer:** Increases

Equilibrium quantity demanded:

Select an option **Answer:** Increases

Given the available information, which of the following is true?

Select an option

Answer: Change in quantity is larger than change in price

Submit

Answers are displayed within the problem

Previous

Next

About Us

BracU Home

USIS

Course Catalog

Checkboxes

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0.0/4.0 points (graded)

Select all the right statements below from the output and cost topic:

- [ ] A firm experiences economies of scale when its long-run average cost curve sloped downward at larger outputs ✔
- [ ] A firm experiences diseconomies of scale when its average cost curve sloped downward at larger outputs
- [ ] Diminishing marginal returns occurs when as output increases and total and marginal product begins to decrease ✔
- [ ] Diminishing marginal returns occurs when as output increases and total and marginal product reaches a maximum

- [ ] Marginal cost is the increase in total fixed cost that results from a one-unit increase in fixed input

- [ ] Marginal cost is the increase in total variable cost that results from a one-unit increase in variable input

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

Printing costs decreases. Which of the following is true for the market of newspapers:

- [ ] Demand increase
- [ ] Demand decrease
- [ ] Supply increase ✔
- [ ] Supply decrease
- [ ] Equilibrium Quantity increase ✔
- [ ] Equilibrium Quantity decrease
- [ ] Price increase
- [ ] Price decrease ✔

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

A firm in perfect competition faces the demand function P = $40. This implies that it:

- [x] can sell any quantity at $40 a unit ✔
- [ ] can sell some quantity at prices higher than $40 a unit
- [ ] will have the incentive to "cut" the market and sell at less than $40 a unit
- [ ] none of the above

When the demand function is given by P = $51, the marginal revenue:

- [ ] is less than the price
- [ ] is greater than the price because the demand is flat
- [x] is equal to the price because all units are sold at the same price ✔
- [ ] can never be equal to the price

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

What is the effect on equilibrium price and quantity of the following.

a.A decrease in demand when supply remains constant

- [ ] Equilibrium Quantity increase
- [ ] Equilibrium Quantity decrease ✔
- [ ] Equilibrium Price increase
- [ ] Equilibrium Price decrease ✔

b. A decrease in demand that is greater than the increase in supply.

- [ ] Equilibrium Quantity increase
- [ ] Equilibrium Quantity decrease ✔
- [ ] Equilibrium Price increase
- [ ] Equilibrium Price decrease ✔

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

Salaries of journalists has increased. Which of the following is true for the market of newspapers:

- [ ] Demand increase
- [ ] Demand decrease
- [ ] Supply increase
- [ ] Supply decrease ✔
- [ ] Equilibrium Quantity increase
- [ ] Equilibrium Quantity decrease ✔
- [ ] Price increase ✔
- [ ] Price decrease

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

Let us assume that Lebanon does not have a comparative

advantage in producing sweatshirts and it imports sweatshirts from the rest of the world. The government of Lebanon imposes tariff on the imported sweatshirts. Which of the following consequences will be observed due to the imposition of tariff?

- [x] The price of an imported sweatshirt will rise compared to the price under free trade ✔
- [ ] The price of an imported sweatshirt will decline compared to the price under free trade
- [x] The quantity of sweatshirts bought by Lebanese consumers will decline compared to the quantity bought under free trade ✔
- [ ] The quantity of sweatshirts bought by Lebanese consumers will increase compared to the quantity bought under free trade

In Bahrain, import quota is imposed on the import of sugarcane. Which of the following cohorts of individuals are benefitted by the imposition of import quota?

- [ ] Consumers of sugarcane in Bahrain
- [x] Producers of sugarcane in Bahrain ✔
- [x] Importers of sugarcane in Bahrain ✔
- [ ] Exporters of sugarcane who are based in other countries

Submit

Answers are displayed within the problem

Previous

Next

Text Inputs

Text Input

0.0/4.0 points (graded)

A book-seller plans to increase the price of books to increase his revenue. Before doing that, he calculates the price elasticity of demand of books and finds that -0.75.

What can you say about the price elasticity of demand of books?

Answer in one word.

Answer: inelastic

Given what we know about price elasticity of demand of books, if the book-seller decreases the price of books, what will happen to his revenue?

Answer in one word.

Answer: fall **or** decline **or** falls **or** decrease **or** reduce **or** declines **or** decreases **or** reduces

If supply of books decreases, what will happen to the book-seller's revenue?

Answer in one word. (It may help to draw a demand-supply diagram before answering this question.)

Answer: rise **or** increase **or** rises **or** increases

Submit

Answers are displayed within the problem

Text Input

0.0/4.0 points (graded)

a. Due to the outbreak of Covid-19 people decreased travelling. Will there be a shift or movement of the Demand curve for air tickets?

Answer: shift

b. The equilibrium price of Mr. Cookies is 25tk in the market. Does the market have a shortage or surplus if the price falls to 20tk?

Answer: shortage **or** excess demand

Submit

Answers are displayed within the problem

Text Input

0.0/4.0 points (graded)

.a. Due to the outbreak of Covid-19 people decreased travelling in public buses. Will there be a shift or movement of the Demand curve for bus tickets?(write "shift" or "movement", in small letters)

Answer: shift

b.The equilibrium price of Mr.Cookies biscuit is 25tk in the market. Does the market have a shortage or surplus if the price increases to 30tk? (write "shortage" or "surplus", in small letters)

Answer: surplus **or** excess supply

Submit

Answers are displayed within the problem

Previous

Next

Numerical Inputs

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply equations for Handmade Bags:

Qd=250-P and Qs= -100+P.

The government decides to impose a tax of Tk. 60 per unit.

What is the new consumer surplus after tax?

Answer: 1012.5

What is the new producer surplus after tax?

Answer: 1012.5

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Price of rice increases from taka 53 per kg to taka 77 per kg. As a result, quantity demanded falls from 23255 kg per week to 17536 kg per week. Calculate the price elasticity of demand (PED) of rice.

Give your answer in two decimal places.

Answer: -0.7594301847629786

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Farm-A and Farm-B grow the following amounts of potatoes and cabbage in their farms:

Farm-A takes one week to produce 100 units of potatoes and 200 units of cabbages

Famr-B takes one week to produce 120 units of potatoes and 150 units of cabbages

Put numerical values only with zero decimal

a) What is the opportunity cost of Farm-B to produce 12 units of potatoes:

Answer: 15

b) What is the opportunity cost of Farm-A to produce 20 units if cabbages:

Answer: 10

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

The production function of Just Juice's Frozen Yogurt is given below:

Quantity of labor (workers)	Quantity of frozen yogurt (cups)
0	0
1	110
2	200
3	270
4	300
5	320
6	330

Just Juice pays their workers 80tk per day. The cost of the other variable inputs is 0.50tk per cup of yogurt. Their fixed cost is 100tk per day.

a) What is the variable cost when Just Juice produces 300 units of Frozen Yogurts

Put numerical value only

Answer: 470

b) What is the marginal cost for the 200 units of Frozen Yogurts
Put numerical value only in two decimal places

Answer: 1.39

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Income of a person increases from taka 27315 per month to taka 46866 per month. As a result, quantity demanded of a good changes from 20 kg per month to 40 kg per month. Calculate the income elasticity of demand (YED) of the good.

Give your answer in two decimal places.

Answer: 1.2647434913815148

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

The production function of Just Juice's Frozen Yogurt is given below:

Quantity of labor (workers)	Quantity of frozen yogurt (cups)
0	0
1	110
2	200
3	270
4	300
5	320
6	330

Just Juice pays their workers 80tk per day. The cost of the other variable inputs is 0.50tk per cup of yogurt. Their fixed cost is 100tk per day.

a) What is the variable cost when Just Juice produces 200 units of Frozen Yogurts

Put numerical value only

Answer: 260

b) What is the marginal cost for the first 110 units of Frozen Yogurts
Put numerical value only in two decimal places

Answer: 1.23

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)
Price of rice increases from taka 53 per kg to taka 82 per kg. As a result, quantity supplied increases from 22085 kg per week to 28617 kg per week. Calculate the price elasticity of supply (PES) of rice.
Give your answer in two decimal places.

Answer: 0.5997314939626948

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

There are two companies who manufactures cameras and lenses.

ABC Corp. needs 8 days to make one camera and 10 days to make one lens

XYZ Corp. needs 15 days to make one camera and 12 days to make one lens.

What is the opportunity cost of ABC Corp in making one unit of camera?

Put numerical values with two decimal places only.

Answer: 0.80 **or** .8 **or** 0.8

What is the opportunity cost of XYZ Corp in making one unit of camera?

Put numerical values with two decimal places only.

Answer: 1.25

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply equations for Handmade Bags:

Qd=250-P and Qs= -100+P.

The government decides to impose a tax of Tk. 60 per unit.

What is the deadweight loss?

Answer: 900

What is the government revenue?

Answer: 2700

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply equations for Chocolates:

Qd=140-P and Qs= -120+P.

The government decides to impose a tax of Tk. 10 per unit.

What is the consumer surplus after tax?

Answer: 12.5

What is the producer surplus after tax?

Answer: 12.5

Submit

Answers are displayed within the problem

Previous

Next

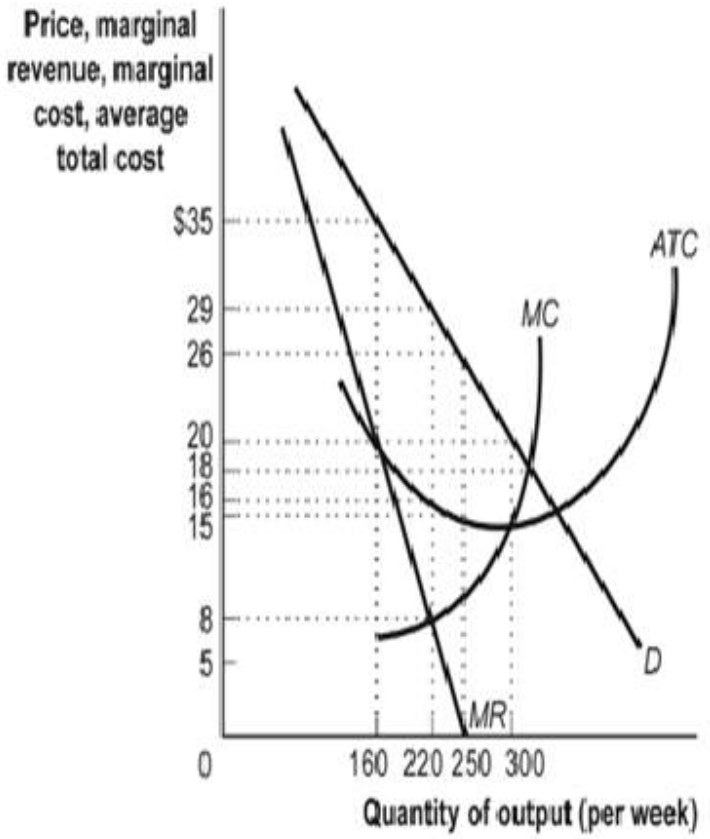
Questions

Numerical Input

0.0/8.0 points (graded)

Susan runs a natural monopoly by supplying water for a remote village.

The diagram below shows her output and pricing decision. Use the graph to answer the follwoing questions-



Q.1 In order to maximize profit, how many units of water will Susan produce? [Answer in Numerics only]

Answer: 220

Q.2 What is Susan's per unit cost at profit maximizing unit? [Answer in Numerics only]

Answer: 16

Q.3 The price at which the monopolist sells the water for is- [Answer in Numerics only]

Answer: 29

Q.4 Total profit earned by the sell of water is- [Answer in Numerics only]

Answer: 2860

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Multiple Choice

0.0/6.0 points (graded)

Q.1 The marginal revenue received by a firm in a perfectly competitive market:

- is greater than the market price.
- is less than the market price.
- is equal to its average revenue. ✔
- increases with the quantity of output sold.
- decreases with the quantity of output sold.

Q.2 If price is currently between average variable cost and average total cost, then in the short run a perfectly competitive firm should:

- shut down.

- ◯ continue to produce to minimize losses. ✔
- ◯ raise price.
- ◯ increase production to increase profit.
- ◯ reduce production to increase profit.

Q.3 Lilly is the price-taking owner of an apple orchard. Currently the price of apples is high enough that Lilly is earning positive economic profits. In the long run, Lilly should expect:

- ◯ lower apple prices due to entry of new firms. ✔
- ◯ higher apple prices due to exit of existing firms.
- ◯ lower apple prices due to exit of existing firms.
- ◯ higher apple prices due to entry of new firms.
- ◯ no change in apple prices.

Q.4 A natural monopoly exists when:

- ◯ a few firms collude to make one large firm.
- ◯ economies of scale provide large cost advantages to having one firm produce the industry's output. ✔
- ◯ firms naturally maximize profit regardless of market structure.

- firms enter the industry as a result of profit incentives.
- government creates a natural barrier to entry for other firms.

Q.5 Which of the following is an example of Monopoly Market:

- Biman Airlines
- Grameen Phone Network
- Bangladesh Railway ✔
- Dell Inc
- Agora Super Store

Q.6 Peter runs a local laundry service which is a perfectly competitive industry. In the short run, Peter will shut down his service rather than continue with it if:

- the total revenues can't cover the total fixed costs.
- the total revenues can't cover the total variable costs. ✔
- the total revenues can't cover the total cost.
- the price exceeds the average total cost.
- losses are smaller than the total fixed costs.

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Checkboxes

0.0/6.0 points (graded)

Which of the following options best describe a perfect compitative market- [More than 1 correct option]

- [x] No barrier to entry or exit into the market ✔
- [ ] Price is greater than marginal cost
- [ ] Few buyers and sellers in the market
- [x] Positive economic profit in the short run. ✔

Dead weight loss occurs in Monopoly market because-[More than 1 correct option]

- [x] Price charged by a monopolist is higher than Perfectly Competitive Market ✔
- [x] A monopoly market restricts output below the level in perfect competition ✔
- [ ] A monopolist makes greater profit by producing at the minimum possible long-run average cost
- [ ] For a monopoly market marginal benefit equals marginal cost;

You have used 0 of 1 attempt

Submit

Answers are displayed within the problem

Previous

Next

Dropdowns

Dropdown

0.0/4.0 points (graded)

If a perfectly competitive industry becomes a monopoly and the costs do not change, which of the following allocation of costs and benefits applies?

Select an option

Answer: The producer benefits, but consumers and society are harmed.

Compared to a single-price monopoly, the price charged by a competitive industry with the same costs

Select an option

Answer: is lower than the monopoly's price.

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

Consider the three goods, X, Y, and Z. X and Y are substitutes. X and Z are complements. Y and Z are complements. Suppose there has been a price hike on good X.

Using this information, answer the following questions.

What can we say about the value of XED between good X and good Y?

Select an option **Answer:** XED > 0

What can we say about the value of XED between good X and good Z?

Select an option **Answer:** XED < 0

What effect will the rise in the price of X have on the demand for Y?

Select an option **Answer:** Demand will increases

What effect will the rise in the price of X, and other subsequent changes in the market, have on the demand for Z?

Select an option **Answer:** Not enough information given

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

Features of a firm's technology that lead to falling long-run average cost as output increases are

Select an option **Answer:** economies of scale

With given input prices, constant returns to scale are present when the percentage increase in output

Select an option

Answer: equals the percentage increase in all inputs

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

Which of the following measures, associated with international trade, is prohibited by the World Trade Organization (WTO)?

Select an option **Answer:** Export subsidy

Which of the following answer choices does not support the implementation of trade restrictions or trade restrictive measures?

Select an option **Answer:** Comparative advantage

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

If the price elasticity of demand is greater than 1, a monopoly's

Select an option

Answer: total revenue increases when the firm lowers its price.

A monopoly firm expands its output and lowers its price. The firm finds that its total revenue falls. Hence, the firm is producing in the

Select an option **Answer:** inelastic range of its demand curve.

Submit

Answers are displayed within the problem

Dropdown

0.0/4.0 points (graded)

Suppose that good X has a very elastic demand and an inelastic supply. Supply of good X increases. What happens to the following?

It may help to draw the diagram before attempting this question.

Equilibrium price:

Select an option **Answer:** Decreases

Equilibrium quantity:

Select an option **Answer:** Increases

Equilibrium quantity demanded:

Select an option **Answer:** Increases

Given the available information, which of the following is true?

Select an option

Answer: Change in quantity is larger than change in price

Submit

Answers are displayed within the problem

Previous

Next

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BracU Home

USIS

Course Catalog

Checkboxes

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0.0/4.0 points (graded)

Select all the right statements below from the output and cost topic:

- [ ] A firm experiences economies of scale when its long-run average cost curve sloped downward at larger outputs ✔
- [ ] A firm experiences diseconomies of scale when its average cost curve sloped downward at larger outputs
- [ ] Diminishing marginal returns occurs when as output increases and total and marginal product begins to decrease ✔
- [ ] Diminishing marginal returns occurs when as output increases and total and marginal product reaches a maximum

- [ ] Marginal cost is the increase in total fixed cost that results from a one-unit increase in fixed input

- [ ] Marginal cost is the increase in total variable cost that results from a one-unit increase in variable input

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

Printing costs decreases. Which of the following is true for the market of newspapers:

- [ ] Demand increase
- [ ] Demand decrease
- [ ] Supply increase ✔
- [ ] Supply decrease
- [ ] Equilibrium Quantity increase ✔
- [ ] Equilibrium Quantity decrease
- [ ] Price increase
- [ ] Price decrease ✔

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

A firm in perfect competition faces the demand function P = $40. This implies that it:

- [x] can sell any quantity at $40 a unit ✔
- [ ] can sell some quantity at prices higher than $40 a unit
- [ ] will have the incentive to "cut" the market and sell at less than $40 a unit
- [ ] none of the above

When the demand function is given by P = $51, the marginal revenue:

- [ ] is less than the price
- [ ] is greater than the price because the demand is flat
- [x] is equal to the price because all units are sold at the same price ✔
- [ ] can never be equal to the price

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

What is the effect on equilibrium price and quantity of the following.

a.A decrease in demand when supply remains constant

- [ ] Equilibrium Quantity increase
- [ ] Equilibrium Quantity decrease ✔
- [ ] Equilibrium Price increase
- [ ] Equilibrium Price decrease ✔

b. A decrease in demand that is greater than the increase in supply.

- [ ] Equilibrium Quantity increase
- [ ] Equilibrium Quantity decrease ✔
- [ ] Equilibrium Price increase
- [ ] Equilibrium Price decrease ✔

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

Salaries of journalists has increased. Which of the following is true for the market of newspapers:

- [ ] Demand increase
- [ ] Demand decrease
- [ ] Supply increase
- [ ] Supply decrease ✔
- [ ] Equilibrium Quantity increase
- [ ] Equilibrium Quantity decrease ✔
- [ ] Price increase ✔
- [ ] Price decrease

Submit

Answers are displayed within the problem

Checkboxes

0.0/4.0 points (graded)

Let us assume that Lebanon does not have a comparative

advantage in producing sweatshirts and it imports sweatshirts from the rest of the world. The government of Lebanon imposes tariff on the imported sweatshirts. Which of the following consequences will be observed due to the imposition of tariff?

- [x] The price of an imported sweatshirt will rise compared to the price under free trade ✔
- [ ] The price of an imported sweatshirt will decline compared to the price under free trade
- [x] The quantity of sweatshirts bought by Lebanese consumers will decline compared to the quantity bought under free trade ✔
- [ ] The quantity of sweatshirts bought by Lebanese consumers will increase compared to the quantity bought under free trade

In Bahrain, import quota is imposed on the import of sugarcane. Which of the following cohorts of individuals are benefitted by the imposition of import quota?

- [ ] Consumers of sugarcane in Bahrain
- [x] Producers of sugarcane in Bahrain ✔
- [x] Importers of sugarcane in Bahrain ✔
- [ ] Exporters of sugarcane who are based in other countries

Submit

Answers are displayed within the problem

Previous

Next

Text Inputs

Text Input

0.0/4.0 points (graded)

A book-seller plans to increase the price of books to increase his revenue. Before doing that, he calculates the price elasticity of demand of books and finds that -0.75.

What can you say about the price elasticity of demand of books?

Answer in one word.

Answer: inelastic

Given what we know about price elasticity of demand of books, if the book-seller decreases the price of books, what will happen to his revenue?

Answer in one word.

Answer: fall **or** decline **or** falls **or** decrease **or** reduce **or** declines **or** decreases **or** reduces

If supply of books decreases, what will happen to the book-seller's revenue?

Answer in one word. (It may help to draw a demand-supply diagram before answering this question.)

Answer: rise **or** increase **or** rises **or** increases

Submit

Answers are displayed within the problem

Text Input

0.0/4.0 points (graded)

a. Due to the outbreak of Covid-19 people decreased travelling. Will there be a shift or movement of the Demand curve for air tickets?

Answer: shift

b. The equilibrium price of Mr. Cookies is 25tk in the market. Does the market have a shortage or surplus if the price falls to 20tk?

Answer: shortage **or** excess demand

Submit

Answers are displayed within the problem

Text Input

0.0/4.0 points (graded)

.a. Due to the outbreak of Covid-19 people decreased travelling in public buses. Will there be a shift or movement of the Demand curve for bus tickets?(write "shift" or "movement", in small letters)

Answer: shift

b.The equilibrium price of Mr.Cookies biscuit is 25tk in the market. Does the market have a shortage or surplus if the price increases to 30tk? (write "shortage" or "surplus", in small letters)

Answer: surplus **or** excess supply

Submit

Answers are displayed within the problem

Previous

Next

Numerical Inputs

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply equations for Handmade Bags:

Qd=250-P and Qs= -100+P.

The government decides to impose a tax of Tk. 60 per unit.

What is the new consumer surplus after tax?

Answer: 1012.5

What is the new producer surplus after tax?

Answer: 1012.5

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Price of rice increases from taka 53 per kg to taka 77 per kg. As a result, quantity demanded falls from 23255 kg per week to 17536 kg per week. Calculate the price elasticity of demand (PED) of rice.

Give your answer in two decimal places.

Answer: -0.7594301847629786

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Farm-A and Farm-B grow the following amounts of potatoes and cabbage in their farms:

Farm-A takes one week to produce 100 units of potatoes and 200 units of cabbages

Famr-B takes one week to produce 120 units of potatoes and 150 units of cabbages

Put numerical values only with zero decimal

a) What is the opportunity cost of Farm-B to produce 12 units of potatoes:

Answer: 15

b) What is the opportunity cost of Farm-A to produce 20 units if cabbages:

Answer: 10

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

The production function of Just Juice's Frozen Yogurt is given below:

Quantity of labor (workers)	Quantity of frozen yogurt (cups)
0	0
1	110
2	200
3	270
4	300
5	320
6	330

Just Juice pays their workers 80tk per day. The cost of the other variable inputs is 0.50tk per cup of yogurt. Their fixed cost is 100tk per day.

a) What is the variable cost when Just Juice produces 300 units of Frozen Yogurts

Put numerical value only

Answer: 470

b) What is the marginal cost for the 200 units of Frozen Yogurts
Put numerical value only in two decimal places

Answer: 1.39

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Income of a person increases from taka 27315 per month to taka 46866 per month. As a result, quantity demanded of a good changes from 20 kg per month to 40 kg per month. Calculate the income elasticity of demand (YED) of the good.

Give your answer in two decimal places.

Answer: 1.2647434913815148

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

The production function of Just Juice's Frozen Yogurt is given below:

Quantity of labor (workers)	Quantity of frozen yogurt (cups)
0	0
1	110
2	200
3	270
4	300
5	320
6	330

Just Juice pays their workers 80tk per day. The cost of the other variable inputs is 0.50tk per cup of yogurt. Their fixed cost is 100tk per day.

a) What is the variable cost when Just Juice produces 200 units of Frozen Yogurts

Put numerical value only

Answer: 260

b) What is the marginal cost for the first 110 units of Frozen Yogurts
Put numerical value only in two decimal places

Answer: 1.23

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)
Price of rice increases from taka 53 per kg to taka 82 per kg. As a result, quantity supplied increases from 22085 kg per week to 28617 kg per week. Calculate the price elasticity of supply (PES) of rice.
Give your answer in two decimal places.

Answer: 0.5997314939626948

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

There are two companies who manufactures cameras and lenses.

ABC Corp. needs 8 days to make one camera and 10 days to make one lens

XYZ Corp. needs 15 days to make one camera and 12 days to make one lens.

What is the opportunity cost of ABC Corp in making one unit of camera?

Put numerical values with two decimal places only.

Answer: 0.80 **or** .8 **or** 0.8

What is the opportunity cost of XYZ Corp in making one unit of camera?

Put numerical values with two decimal places only.

Answer: 1.25

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply equations for Handmade Bags:

Qd=250-P and Qs= -100+P.

The government decides to impose a tax of Tk. 60 per unit.

What is the deadweight loss?

Answer: 900

What is the government revenue?

Answer: 2700

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply equations for Chocolates:

Qd=140-P and Qs= -120+P.

The government decides to impose a tax of Tk. 10 per unit.

What is the consumer surplus after tax?

Answer: 12.5

What is the producer surplus after tax?

Answer: 12.5

Submit

Answers are displayed within the problem

Previous

Next

Final Exam

Text Input

0.0/4.0 points (graded)

a) Due to the Covid-19 outbreak people stopped travelling. Will there be a shift or movement of the Demand curve for air tickets?

Answer using only one of the underlined word above

Answer: shift **or** shift

b) Due to the Covid-19 outbreak people's income decreased and their demand for Good A decreased slightly. Is Good A a normal good or inferior good or public good

Answer using only one of the underlined words above

Answer: normal good **or** Normal good **or** Normal Good

c) With the market of Mr. Cookies initially at the equilibirum, there has been a shortage in raw materials required for the production of this biscuit and customers buying more due to staying indoors during the Covid-19 outbreak. Will the new equilibirum quanttity of Mr Cookies rise or fall or remain constant

Answer using only one of the underlined words above

Answer: remain constant **or** Remain constant **or** Remains constant **or** remains constant

d) Now, if you are informed that the equilibrium price of Mr. Cookies is 25tk in the market. Will the market have a shortage or surplus if the price falls to 20tk?
Answer using only one of the underlined words above

Answer: shortage **or** Shortage

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)
Consider the following demand and supply functions for a good: $Q^D = 21 - 2P$ and $Q^S = 12 + 1P$. Initially, the market is in equilibrium, with price level P^* and quantity Q^*. But following an external shock, price level in the market falls from P^* to $P' = 2.4$.

Calculate the price elasticity of demand of this good in this range.

Give your answer in 2 decimal places when applicable.

Answer: -0.346153846153846

Calculate the price elasticity of supply of this good in this range.

Give your answer in 2 decimal places when applicable.

Answer: 0.18367346938775497

Calculate the surplus/shortage in the market in this situation.

Give your answer in 2 decimal places when applicable.

Answer: 1.799999999999999

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply functions for a good: $Q^D = 35 - 4P$ and $Q^S = 15 + 2P$. Suppose the government imposes taxes worth taka 0.84 per unit on sellers.

Find the price paid by buyers after tax.

Give your answer in 2 decimal places when applicable.

Answer: 3.0533333333333332

Find the price received by sellers after tax.

Give your answer in 2 decimal places when applicable.

Answer: 2.2133333333333334

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply functions for computers in Peru: $Q^D = 2423 - 4P$ and $Q^S = 1084 + 3P$. Initially, the country is in an autarky equilibrium, with the equilibrium price, P*, per computer, and the equilibrium quantity, Q*.

Suppose the price of computers in the global market is P^w = €143.46 per computer. If Peru wants to leave its autarky, and engage in international trade, would they be an importer or an exporter of computers?

Answer in one word.

Answer: importer **or** Importer

Calculate the number of computers that Peru would import/export at the global price level, P^w = €143.46 per computer.

Give your answer in 2 decimal places when applicable.

Answer: 334.77999999999986

Suppose, Peru imposes an import quota on computers. Due to the imposition of this quota, the new price level in Peru is P′ = €172.16 per computer. At this new price level, local supply of computers increases and the local demand for computers decreases. Calculate the size of the quota.

Give your answer in 2 decimal places when applicable.

Answer: 133.8800000000001

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Text Input

0.0/4.0 points (graded)

Consider the following four goods: a pencil, a pen, an eraser, and a pencil-sharpener. Answer the following questions about these four goods.

What type of goods are pencils and pens?

Answer in one word.

Answer: substitute **or** Substitute **or** Substitutes **or** substitutes

What type of goods are pencils and erasers?

Answer in one word.

Answer: complementary **or** Complementary **or** Complement **or** complement **or** Complements **or** complements

Suppose the cross-elasticity of demand between pencils and pens is given by XED_{pp}. We can say that the value of XED_{pp} is:

Answer in one word.

Answer: positive **or** Positive

Suppose the cross-elasticity of demand between pencils and erasers is XED_{pe} and the cross-elasticity of demand between pencils and pencil-sharpeners is XED_{ps}. We can say that:
While answering this question, keep in mind the sign of XED.

Select an option

Answer: XEDpe > XEDps

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Farm-A takes one week to produce 102 units of potatoes and 201 units of cabbages.
Farm-B takes one week to produce 124 units of potatoes and 153 units of cabbages

a) What is the opportunity cost of Farm-A to produce 20 units if cabbages

Give your answer in 2 decimal places.

Answer: 10.149253731343284

b) What is the opportunity cost of Farm-B to produce 12 units of potatoes

Give your answer in 2 decimal places.

Answer: 14.806451612903226

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Text Input

0.0/4.0 points (graded)

a) Why do you think the PPF curve is bowed outward. Is it due to increasing opportunity cost or decreasing opportunity cost or constant opportunity cost

Answer using only one of the underlined words above

Answer: increasing opportunity cost **or** Increasing Opportunity-cost **or** Increasing opportunitycost **or** Increasing opportunity cost

b) Do you think the PPF curve shifts inward or outward or remains constant during recession

Answer using only one of the underlined words above

Answer: inward **or** Inward

c) Suppose a technology is banned due to its adverse environmental impacts. Would the production possibilty curve shift inward or outward or remain constant due to this
Answer using only one of the underlined words above

Answer: inward **or** Inward

d) Would a policy encouraging more overseas workers to enter your economy shift the production possibility curve inward or outward or remain constant
Answer using only one of the underlined words above

Answer: outward **or** Outward

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)
A perfectly competitive firm has the following short-run total cost.

Quantity	Total cost (in Taka)	Average total cost	Variable cost	Average variable cost	Marginal cost
0	2.0				
1	7.0				
2	10.0				
3	15.0				
4	22.0				
5	31.0				
6	42.0				

(a) Calculate this firm's marginal cost for output level 5.

Give your answer in 2-decimal places.

Answer: 9.0

(b) Calculate this firm's marginal cost for output level 6.

Give your answer in 2-decimal places.

Answer: 11.0

(c) What is the average total cost at which, this firm reaches its break even-point?

Give your answer in 2-decimal places.

Answer: 5.0

(d) What is the average variable cost at which, this firm reaches its shut-down point?

Give your answer in 2-decimal places.

Answer: 4.0

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Quantity	AFC	AVC	ATC	TFC	TVC	TC	MC
5	4.4	18.4	22.8	22	92	J	-
6	A	B	21	D	104	126	12
7	3.14	17	20.1	E	H	141	15
8	2.75	17.25	C	F	I	160	19
9	2.44	17.9	20.3	G	161	183	K

The table above is the cost schedule of a Firm-A. Using the table above find the values below

a)Find the Value of A

Give your answer in 2-decimal places.

Answer: 3.67

b) Find the value of B

Give your answer in 2-decimal places.

Answer: 17.33

c) Find the value of C

Give your answer in 2-decimal places.

Answer: 20

d) Find the value of D

Give your answer in 2-decimal places.

Answer: 22

e) Find the value of H

Give your answer in 2-decimal places.

Answer: 119

f) Find the value of I

Give your answer in 2-decimal places.

Answer: 138

g) Find the value of J

Give your answer in 2-decimal places.

Answer: 114

h) Find the value of K

Give your answer in 2-decimal places.

Answer: 23

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply functions for sofas in Equador: $Q^D = 2090 - 3P$ and $Q^S = 1067 + 2P$. Initially, the country is in an autarky equilibrium, with the equilibrium price, P*, per computer, and the equilibrium quantity, Q*. When they open up their economy, the world price of sofas, P^w, is €122.75999999999999.

Calculate the number of sofas that Peru would import at the global price level, P^w.

Give your answer in 2 decimal places when applicable.

Answer: 409.20000000000005

Suppose Equador imposes tariff on import of sofas. The new price of sofas faced by Equador, after the imposition of this tariff, is P^{w+t} = €173.91.

Calculate the number of sofas Equador would import after the imposition of tariff.

Give your answer in 2 decimal places when applicable.

Answer: 153.45

What is the amount of tariff per unit imposed by the Equadorian government??

Give your answer in 2 decimal places when applicable.

Answer: 51.150000000000006

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Due to a rise in income from taka 53615 to taka 82207, Anika now buys 13 Snickers bars and 13 Ferrero Rochers every month. Before the income rise, she used to buy 18 Snickers bars and 9 Ferrero Rochers every month.

Calculate the income elasticity of demand of snicker bars.

Give your answer in 2 decimal places when applicable.

✖ **Answer:** -0.7661854432550499

Calculate the income elasticity of demand of ferrero rochers.

Give your answer in 2 decimal places when applicable.

220

✖ **Answer:** 0.8636999542147835

220

Based on these calculations, what can we say about snicker bars and ferrero rochers?

- (●) Both goods are inferior goods
- ( ) Both goods are normal goods
- ( ) Snicker bars are normal and ferrero rochers are inferior
- ( ) Snicker bars are inferior and ferrero rochers are normal ✔

✖

Submit You have used 1 of 1 attempt

Answers are displayed within the problem

Multiple Choice

1.3333333333333333/4.0 points (graded)

Anik is a university student with a small, limited budget. He rides a bus to go to university in the morning, and to come back home from university in the evening. Each bus-ride costs taka 13. Anik's price elasticity of demand for bus-rides is -1.82. Suppose, the price of bus-rides increase to taka 20.

What will be the percentage change in quantity demanded of bus-rides due to this price rise?

Give your answer in 2 decimal places when applicable.

220 ✖ **Answer:** -0.7721212121212122

220

What will happen to Anik's total expenditure on bus-rides due to this increase in price?

- (●) Anik will use a different mode of transportation and his expenditure on bus-rides will decrease
- ( ) Since price has gone up, Anik's expenditure on bus-rides will increase
- ( ) Anik's expenditure will remain unchanged because he has a small, limited budget
- ( ) We cannot tell with the given information what will happen to Anik's expenditure

✔

What might happen to the demand for bus-rides if a new ride-sharing platform (such as Uber, Pathao, etc.) enters the market?

- (●) Bus and Uber are not similar goods and Anik's demand for bus-rides will not be affected
- ( ) Anik has a limited budget and he cannot afford Uber; therefore, his demand for bus-rides will not be affected

◯ Due to more options becoming available, Anik's demand for bus-rides will become more elastic

◯ Due to more options becoming available, Anik's demand for bus-rides will become more elastic ✔

✖

Submit You have used 1 of 1 attempt

ℹ Answers are displayed within the problem

Text Input

0.0/4.0 points (graded)

A book-seller plans to increase the price of books to increase his revenue. Before doing that, he calculates the price elasticity of demand of books and finds that PED = - 1.75.

What can you say about the price elasticity of demand of books?
Answer in one word.

Answer: elastic

Given what we know about price elasticity of demand of books, if the book-seller increases the price of books, what will happen to his revenue?
Answer in one word.

Answer: fall **or** decline **or** decrease **or** reduce **or** declines **or** decreases **or** reduces

What should the book-seller do to the price of books to increase his revenue?
Answer in one word.

Answer: lower **or** reduce **or** decrease **or** reduces **or** decreases

If supply of books increase, what will happen to the book-seller's revenue?

Answer in one word. (It may help to draw a demand-supply diagram before answering this question.)

Answer: rise **or** increase **or** increases

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Just Juice pays their workers 84.0tk per day. The cost of the other variable inputs is 0.50tk per cup of Yogurt. Their fixed cost is 140.0tk per day.

Quantity of Labour	Output Quantity of frozen Yogurts (cups)
0	0
1	110
2	200
3	270
4	300
5	320
6	330

(a) What is the variable cost when Just Juice produces 300 units of Frozen Yogurts?

Answer: 486.0

(b) What is the marginal cost for the 200 units of Frozen Yogurts

Give your answer in 2-decimal places.

Answer: 1.4333333333333333

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Jashim and Jahangir are fishermen who catch bass and catfish. This following chart shows how many of each type of fish they can catch in one day.

	Bass	**Catfish**
Jashim	4.0	10.0
Jahangir	40.0	23.0

(a) What is Jashim's opportunity cost of catching 5 bass?

Give your answer in 2-decimal places.

Answer: 12.5

(b) What is Jahangir's opportunity cost of catching 2 catfish

Give your answer in 2-decimal places.

Answer: 3.4782608695652173

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Abrar has a weekly income of £268. He uses this income to buy two goods: milkshakes and orange juice. Milkshake is sold by glasses, and the price of a glass of milkshake is £9. Orange juice is sold from a fountain and price is calculated based on the weight. The price of a a litre of orange juice is £8. Abrar has the option of selecting from 6 consumption bundles, shown in the table below.

Consumption bundle	Glasses of milkshake	Milkshake marginal utility	Litres of orange juice	Orange juice marginal utility
1	5.0	40.0	27.88	22.23
2	7.0	38.0	25.63	24.7
3	8.0	36.1	24.5	27.44
4	11.0	34.3	21.13	30.49
5	13.0	32.58	18.88	38.11
6	14.0	30.95	17.75	47.64

Which bundle should Abrar consume to maximise his utility?

Give your answer in 2 decimal places when applicable.

Answer: 4

Suppose Abrar's friend, Fahim, an aspiring economist, claims that when Abrar consumes the optimum bundle, his total utility is 1021.5537. Fahim found this value by multiplying the marginal utilities with the quantities consumed of each good. As an economics student, you quickly calculate Abrar's total utility to see if Fahim's calculation is correct or not.

Based on your calculation, should Abrar's total utility from consuming the optimum bundle be the same, less, or more than what Fahim said?

Answer in one word.

Answer: more **or** More

You have used 0 of 1 attempt

Submit

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Shahid has a monthly income of 6295 Bangladeshi Taka (BDT). He can buy two goods, brownies and frozen yoghurts. The price of a brownie is BDT271 and the price of frozen yoghurt is BDT450 per kg. In the following table, 6 consumption bundles are presented. That table also shows the values of utility that Shahid derives from different quantities of brownies and frozen yoghurts.

Consumption bundle	Brownie quantity	Brownie marginal utility	Brownie total utility	Fro-Yo quantity	Fro-Yo total utility
1	0	0	0	15.99	1551.03
2	1	97		14.39	1395.83
3	2	92.15		12.78	1239.66
4	3	87.54		11.18	1084.46
5	4	83.16		9.58	929.26
6	5		438.85	7.98	774.06

What is the highest utility that Shahid can derive, given his budget, from the consumption bundles listed in the table?

Give your answers in 2-decimal places where applicable.

Answer: 1428.8100000000002

What is the total expenditure needed to consume this bundle?

Give your answers in 2-decimal places where applicable.

Answer: 6293.0

What is the change in utility from brownies when the consumption of brownies increases from 4 per month to 5 per month?

Give your answers in 2-decimal places where applicable.

Answer: 79.0

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Text Input

0.0/4.0 points (graded)

A person is demoted at work because of bad performance and his income falls from taka 35,000 monthly to taka 25,000 monthly. As a result, he starts to buy fewer chickens and more potatoes for his meals.

What type of a good is a potato?

Answer in one word.

Answer: inferior **or** Inferior **or** Inferior good **or** inferior good **or** Inferior Good **or** Inferior Goods **or** Inferior goods **or** inferior goods

What type of a good is chicken?

Answer in one word.

Answer: normal **or** Normal **or** Normal good **or** normal good **or** Normal Good **or** Normal Goods **or** Normal goods **or** normal goods

Due to the fall in income, the quantity demanded for chicken falls from 20 per week to 12 per week.

Is the YED of chicken elastic or inelastic?

Answer in one word.

Answer: elastic **or** elastic good **or** Elastic **or** Elastic Good **or** Elastic good

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply functions for a good: $Q^D = 35 - 2P$ and $Q^S = 14 + 2P$. Initially, the market is in equilibrium at the price level 5.25 and quantity 24.5. Suppose the government imposes taxes worth taka 0.99 per unit on sellers. Due to this, the price paid by buyers in the market is 5.0 and the price received by sellers is 4.01.

Calculate the government's tax revenue.

Give your answer in 2 decimal places when applicable.

Answer: 24.75

Find the deadweight loss of tax.

Give your answer in 2 decimal places when applicable.

Answer: -0.2475

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Numerical Input

0.0/4.0 points (graded)

Consider the following demand and supply functions for a good: $Q^D = 26 - 4P$ and $Q^S = 19 + 3P$. Use these two equations to calculate the following:

The equilibrium price level

Give your answer in 2 decimal places when applicable.

Answer: 1.0

The equilibrium quantity

Give your answer in 2 decimal places when applicable.

Answer: 22.0

Consumer surplus

Give your answer in 2 decimal places when applicable.

Answer: 275.0

Producer surplus

Give your answer in 2 decimal places when applicable.

Answer: -198.0

Submit You have used 0 of 1 attempt

Answers are displayed within the problem

Previous

Next

Quiz-1

Quiz due Oct 31, 2021 13:15 +06 Completed

Numerical Input

2.0/2.0 points (graded)

Jashim and Jahangir are fishermen who catch bass and catfish. This following chart shows how many of each type of fish they can catch in one day.

	Bass	**Catfish**
Jashim	5	9
Jahangir	34	17

What is Jashim's opportunity cost of catching 5 bass?

Give your answer in 2-decimal places.

9 ✔

9

Submit You have used 1 of 1 attempt

Text Input

3.0/3.0 points (graded)

Italy and Turkey are famous for producing olive and olive oils. As a result, every minute:

Italy produces 52 cans of olive and 12 bottles of olive oil.

Turkey produces 4 cans of olive and 5 bottles of olive oil.

Which country has a comparative advantage in producing olives?

Answer in one word. Type only Italy or Turkey.

Italy ✔

Which country has a comparative advantage in producing olive oil?

Answer in one word. Type only Italy or Turkey.

Turkey ✔

Submit You have used 1 of 1 attempt

Market Equilibrium

2.5/5.0 points (graded)

(a) Consider the market for natural gas (g), Here's the supply function $Q_S = 11 + 3P_g + 0.30000000000000004P_o$ and the demand function:$Q_D = -4P_g + 4.2P_o$. ; where P_g and P_o are the prices of natural gas and oil, respectively.

If the price of oil is $6, what is the market price of natural gas?

Please give your answer in 2 decimal places.

1.77

✔ **Answer:** 1.7714285714285718

1.77

(b) Now, suppose the regulated price of gas is fixed at $5.5, ceteris paribus, will there be a surplus or shortage?
Answer in one word. Type only surplus or shortage.

Surplus

Answer: Surplus **or** surplus

(c) Calculate the amount of surplus/shortage.
Please give your answer in 2 decimal places.

26.099999999999998

Answer: 26.099999999999998

26.099999999999998

(d) Suppose that the market for natural gas is not regulated anymore. If the price of oil is increased from $6 to $10, what will be the new market price of natural gas?
Please give your answer in 2 decimal places.

4

✔ **Answer:** 4.0

4

Submit

You have used 1 of 1 attempt

QUIZ 2

Quiz due Nov 14, 2021 11:00 +06 Completed

****Read the Instructions carefully; One minute on this might save your 2 or 3 marks of the quiz****

1. This is a timed exam and the duration is 45 minutes.

2. There will be a 120 minutes window to appear the exam, starting at 6pm till 8pm. No LATE Submissions allowed.

3. Only submitted answer will be considered (don't forget to press submit button). Also once you press submit button, you won't be able to change/edit your answer. So be 100% sure before you press it.

4. To avoid net connectivity disruption, you may consider a backup net connection.

5. You are strongly advised to screen record or take pictures of your Quiz exam

6. For Elasticity maths, just submit the value. Do not convert into percentage form (for e.g. PED = 1.53; submit 1.53 not 153 or 153%**)**

7. Remember, sign matters in Cross Price Elasticity of Demand problems.

8. For text input problems, if mentioned in the question to submit one word answer, make sure you input one word answer

9. Be careful about the spellings when you are doing Text input problems

10. No Partial marking allowed

All the best!

Question 1

1.0/1.0 point (graded)

Your manager got impressed with your performance. Hence, she decided to give you a pay raise. You have always wanted to live on healthy food but you could not afford it. But now your income increased and you have more money to spend. You used to buy Vegetable oil but you shifted to buying Olive oil, which is usually more expensive than the vegetable oil. What type of good is vegetable oil in this context?

Inferior good ✔ **Answer:** Inferior good

Submit You have used 1 of 1 attempt

Answers are displayed within the problem

Question 2

1.0/1.0 point (graded)

If the government intervenes, and decides to impose a tax.

Assuming the tax burden would be equally shared between the buyers and the sellers, which of the following is true for the consumer surplus after tax -

- Increases

- [x] Decreases
- [ ] Not enough information given
- [ ] Stays the same

✔

Submit You have used 1 of 1 attempt

Question 3

1.0/1.0 point (graded)

Recently, the price of oil increased in the market. Your manager asked you about the possible effect on demand for oil.

What do you expect the demand to be in the short run and long run

- [x] Inelastic in the short run and Elastic in the long run
- [ ] Elastic both in the short and long run
- [ ] Inelastic both in the short and long run
- [ ] Elastic in the short run and Inlastic in the long run

✔

Submit You have used 1 of 1 attempt

Question 4

2.0/2.0 points (graded)

Your friend runs a business of hand sanitizers. If the price per unit is 15 taka and his total revenue is 171 taka, how many units of product did he sell?

Please give your answer in 2 decimal places.

11.4 ✔

11.4

Now, the demand for hand sanitizers is **inelastic** .

Would you suggest your friend to increase the price of the hand sanitizers? (Yes or No)

One word Answer

Yes ✔

Submit You have used 1 of 1 attempt

Question 5

2.0/2.0 points (graded)

Given, the total surplus in the market is 1610 taka. You know that the consumer surplus in the market is 1385 taka. What is the producer surplus in the market?

225 ✔

225

Given, the market price is 13 taka. Assuming equal distribution of Tax burden, after a tax regulation of 20 taka, what would be the price per unit sold received by the sellers?

3

3

Submit You have used 1 of 1 attempt

Question 6

3.0/3.0 points (graded)

(a) You went to the market to buy groceries. You noticed that the price of the tea increased in the market from April to September. Now that you have a knack for elasticity, you wanted to check something. You asked the customers assistant of the store for some information. The information you collected is mentioned below.

Information of Tea Market:

	Price	**Quantity**
April	14	15
September	20	11

Information of Coffee Market:

	Quantity
April	12
September	17

Out of curiosity, you wanted to see the effect of change in price of tea on the quantity demanded for coffee. What would be the cross price elasticity of demand due to the price increase of tea?

Do not convert into percentage. Give your answer in 2 decimal places. E.g. If you get XED = 0.253 then submit 0.25

0.98

0.98

(b) Based on the findings in 6(a), you can comment on the relationship of tea and coffee

Tea and coffee are -

One word answer **(complementary/substitute/neutral)**

substitute goods

Submit You have used 1 of 1 attempt

Assignment 1

Assignment due Jan 3, 2022 12:30 +06 Completed

Multiple Choice

1.0/1.0 point (graded)

Let's say there is a new tax regulation on the cotton industry

Which of the followings outcome is most likely to occur due to the new regulation

Select the correct one

- ○ the buyers will have to pay less
- ○ the buyers will not be affected
- ◉ the buyers will have to pay more ✔

Submit

Numerical Input

2.0/2.0 points (graded)

You got a call from your friend. She knows that you have adequate knowledge on welfare and efficiency. She needs your help on the information collected from the market. She asked you to quickly calculate few things. Over the phone she told you that the total surplus before tax was 156 taka. After the tax, the sum of consumer surplus and producer surplus is 38 taka. The market quantity before tax was 6 units. After the tax, the quantity declined by 10%. You asked her what was the tax amount. She replied it was 10 taka per unit

She wants to know the welfare loss because of this tax regulation?

64 ✔

64

Submit

Numerical Input

7.0/7.0 points (graded)

You have the following information from the market

Demand function: $Q_D = 290 - 5P$

Supply function: $Q_S = -80 + 5P$

Submit answers in two decimal places if you get answers in decimals/fractions

What is the equilibrium price

37 ✔

37

Submit

What is the equilibrium quantity?

105 ✔

105

What is the willingness to buy?

58 ✔

58

What is the economic cost of the sellers?

16 ✔

16

Government has imposed a tax regulation of 10 taka. Assume that buyers and sellers both share the tax burden equally.

What is the consumer surplus after tax?

640 ✔

640

What is the producer surplus after tax?

640 ✔

640

What is the tax revenue?

800 ✔

800

Submit

Numerical Input

10.0/10.0 points (graded)

Let us consider the case of Good X in Malaysia. The demand and supply functions for Good X in Malaysia are

Demand function: $Q_D = 362 - 2P$

Supply function: $Q_S = 23 + P$

If the world price is 70, then is Malaysia an importer or exporter?

Text Input

importer ✔

Find out the quantity of imports at P_w=70

Please give your answers in two decimal places

129 ✔

129

If import quota was 80 units what will be the new price in the Malaysian market?

Please give your answers in two decimal places

86.33 ✔

86.33

How many Good X will be produced domestically after quota has been implemented?

Please give your answers in two decimal places

109.33 ✔

109.33

How many Good X will be consumed by domestic consumers after quota has been implemented?

Please give your answers in two decimal places

189.33 ✔

189.33

What will be the import after implementing import quota of 80 units?

Please give your answers in two decimal places

80.01 ✔

80.01

What is the percentage change in imports after the imposition of import quota?

Please give your answers in two decimal places, Multiply by 100 to convert into percenatge (if you get 0.40 then submit 40 in the answer)

37.98 % ✔

37.98

Submit

Midterm Exam

Midterm due Nov 21, 2021 21:30 +06 Completed

On this exam, I will not cheat, use unfair means, join intentionally or unintentionally any online or offline group in which exam answers are posted or discussed, or engage in any behaviour that would commonly be deemed academically unethical. I acknowledge that I may be suspended or expelled from Brac University if I am found to have engaged in any academically unethical behaviour. I understand that a certain percentage of students will be randomly selected for a viva after the exam and asked about their exam answers and related information and that if called for a viva, that I must appear for the viva within a designated time frame. I understand and accept that the viva may be scheduled at any point in time after I submit my answers online. I understand that if I do not appear for the viva without a valid reason, it will be considered as evidence of cheating. An inability to explain my exam answers during the viva may also be construed as evidence of cheating. I consent to video/audio recording of these viva sessions. I further recognize that non-compliance with the above may lead to further disciplinary actions which I accept without complaint.

Q1

7.5/7.5 points (graded)

The chart below shows how many days it takes Walton and Singer to produce one unit of AC (air conditioner) and one unit of refrigerator .

	AC (in days)	**Refrigarator (in days)**
Walton	8	11
Singer	18	13

(a) What is the opportunity cost for Walton to produce a unit of AC?

Please give your answer in 2-decimal places.

0.73 **Answer:** 0.7272727272727273

0.73

(b) What is the opportunity cost for Singer to produce a unit of refrigerator?

Please give your answer in 2-decimal places.

0.72 **Answer:** 0.7222222222222222

0.72

(c) Which company has a comparative advantage in producing AC

Type only: Walton or Singer

Walton **Answer:** Walton **or** walton **or** Singer **or** singer

Submit You have used 1 of 1 attempt

Q2

5.625/7.5 points (graded)

You are an analyst. Your friend started a new business of selling masks. She knows that you have adequate knowledge of economics and business, and hence, asked for your help in making some important business decisions. From the data obtained from her, you computed the Price Elasticity of Demand (PED) of Masks, and found PED in February was 1.6 (absolute value), and PED of Masks in April was 0.5 (absolute value).

(a) What type of good mask is in the month of **April** in terms of elasticity?

- ◯ Elastic
- ◯ Unit elastic
- ◯ Perfectly elastic
- ◉ Inelastic ✔

(b) The market price of the mask in **June** was 15 taka per unit and revenue earned in June was 150 taka.

How many masks were sold in June?

Give your answer in 2 decimal places.

10 ✔ **Answer:** 10.0

10

(c) In 2(b), you found the quantity demanded for masks in June. You received the data for August and observed that the price in August was 27 per unit and the quantity demanded of masks in August is 8.

Calculate the Price Elasticity of Demand (PED) for masks from **June to August.**

Submit absolute value and give your answer in 2 decimal places. E.g. If you get PED = -0.253 then submit 0.25

0.39 ✔ **Answer:** 0.389

0.39

(d) Based on the finding of 2(c), which of the followings is most likely to be true for masks in August?

- ◯ Luxury good
- ◯ Inferior good
- ◯ Not enough information given
- ◉ Necessary good ✔

Submit You have used 1 of 1 attempt

ℹ Answers are displayed within the problem

Q3

7.5/7.5 points (graded)

Let us consider the case of Venezuela. A tariff is imposed on imported clothes in Venezuela. In the presence of free trade, the quantity of clothes produced locally in Venezuela was 15521 per year. After the imposition of tariff, the quantity of clothes produced locally in Venezuela increased by two-fifth (2/5) or 40% compared to the estimate of the previous sentence when there was free trade. The quantity of clothes bought locally in Venezuela is 24470 per year after tariff. The quantity of clothes bought locally in Venezuela decreased by 32% in the presence of tariffs compared to what it was during free trade.

a) What was the quantity bought locally per year when there was free trade?

Please give your answers in two decimal places

32300.4

32300.4

b) What is the quantity of clothes imported in Venezuela in a month on average after the imposition of the aforementioned tariff?

Please give your answers in two decimal places

228.38

228.38

c) What is the percentage change in the quantity of clothes imported in Venezuela per year after the imposition of the aforementioned tariff compared to free trade?

Please give your answers in absolute value without percentage sign and in two decimal places. If your answer is -56.3452% write 56.35

83.67

83.67

Submit You have used 0 of 1 attempt

Your answers were previously saved. Click 'Submit' to grade them.

Q4

7.5/7.5 points (graded)

(a) Consider two substitute goods, diesel and compressed natural gas. You are given the demand and supply function of diesel as follows $Q = 6.2P_C - 3P_D$ and $Q = 16 + 2P_D + 0.4P_C$; where P_D and P_C are the prices of diesel(D) and compressed natural gas(C), respectively. If the price of CNG is $4, what is the market price of diesel?

Please give your answer in 2 decimal places.

1.44 ✔ **Answer:** 1.44

1.44

(b) Now, suppose government decides to regulate the price of diesel and they fix the price at $7.5, ceteris paribus, will there be a surplus or shortage? Calculate the amount of surplus/shortage.

Please give your answer in 2 decimal places.

30.3 ✔ **Answer:** 30.3

30.3

(c) Suppose that the market for diesel is not regulated anymore. If the price of CNG has increased from $4 to $14, what will be the new market price of diesel?

Please give your answer in 2 decimal places.

13.04 ✔ **Answer:** 13.040000000000001

13.04

Submit You have used 1 of 1 attempt

Answers are displayed within the problem

Quiz 3

Quiz due Dec 19, 2021 12:30 +06 Completed

Question 1(a)

1.0/1.0 point (graded)

Let us consider the case of Sabbir who has the option of consuming two products, peaches and oranges. In the initial situation, Sabbir consumes a specific quantity of peaches and a specific quantity of oranges. As a result, the value of marginal utility per pound spent on peaches is less than the value of marginal utility per pound spent on oranges. Which of the following options should be adopted by Sabbir if he wants to increase his total utility from the consumption of peaches and oranges compared to the initial situation?

- He should increase his expenditure on peaches and he should decrease his expenditure on oranges compared to the initial situation
- **He should decrease his expenditure on peaches and he should increase his expenditure on oranges compared to the initial situation** ✔
- He should increase his expenditure on both peaches and oranges compared to the initial situation
- He should decrease his expenditure on both peaches and oranges compared to the initial situation

Submit You have used 1 of 1 attempt

Question 1(b)

1.0/1.0 point (graded)

Which of the following is a characteristic of a consumption possibility that maximizes the total utility of an individual?

- The aforementioned individual will save a portion of her or his income after purchasing the consumption possibility
- The consumption possibility will be unaffordable for the aforementioned individual
- **The aforementioned individual will have to spend all of her or his income to purchase the consumption possibility** ✔

Submit You have used 1 of 1 attempt

Question 1(c)

1.0/1.0 point (graded)

Let us consider the case of Saiful who derives positive marginal utility from consuming apples. In the initial situation, Saiful consumed 3 apples per week. Now Saiful decides to consume 2 apples per

week. What will be the effect of Saiful's decision of consuming 2 apples per week on his total utility and marginal utility?

- ○ Total utility will increase and marginal utility will increase compared to the initial situation
- ◉ Total utility will decrease and marginal utility will increase compared to the initial situation
- ○ Total utility will increase and marginal utility will decrease compared to the initial situation
- ○ Total utility will decrease and marginal utility will decrease compared to the initial situation

✔

Submit You have used 1 of 1 attempt

Question 1(d)

1.0/1.0 point (graded)

The slope of which of the following curves is a negative number?

- ☐ A curve that depicts total utility of an individual
- ☑ A curve that depicts marginal utility of an individual
- ☐ A supply curve
- ☑ A budget line

✔

Submit You have used 1 of 1 attempt

Question 1(e)

1.0/1.0 point (graded)

Let us consider the case of Afzal who earns 3000 Bangladeshi Taka (BDT) per week. Afzal can buy two products, tomatoes and carrots. The price of a tomato is 45 BDT and the price of a carrot is 55 BDT. Which of the following consumption possibility will not be depicted by a point outside Afzal's budget line?

- ☑ 28 carrots per week and 32 tomatoes per week
- ☐ 31 carrots per week and 29 tomatoes per week
- ☐ 32 carrots per week and 28 tomatoes per week
- ☑ 30 carrots per week and 30 tomatoes per week

✔

Submit You have used 1 of 1 attempt

Question 2

5.0/5.0 points (graded)

Watchshop is a watch manufacturing company that sells low-end wrist wacthes. They hire labour at the rate of tk. 4246 per worker and their fixed cost is equal to tk. 10967 per week. The table below is the product schedule of Watchshop

Labour (workers hired per week)	Output (watches produced per week)
1	41
2	81
3	131
4	171
5	201
6	221
7	231

(a) What is the total cost, when output is 131?

Give your answer in 2-decimal places.

23705 ✔

23705

(b) What is the marginal cost per unit when we move from output 201 to output 221?

Give your answer in 2-decimal places.

212.3 ✔

212.3

(c) Consider that Watchshop is operating in its range of diseconomies of scale. At that level of output, the slope of its LRAC curve is

- (●) Positive
- ( ) Zero
- ( ) Negative
- ( ) Insufficient information to comment on the slope of the LRAC curve

✔

Submit You have used 1 of 1 attempt

Quiz 4

Quiz due Jan 2, 2022 20:30 +06 Completed

Multiple Choice-1

1.0/1.0 point (graded)

In a short-run competitive equilibrium, which of the following is always true?

- ○ Profit equals zero.
- ◉ Profit can be negative, zero, or positive.
- ○ Profit can be zero or positive, but not negative.

✔

Submit You have used 1 of 1 attempt

PartA: Multiple Choice-2

1.0/1.0 point (graded)

Suppose that 6000 identical sellers each set their profit-maximizing output level at 20 units when price equals 55tk. Then what is market quantity supplied at a price of 55tk?

- ○ 200.
- ○ 1,100.
- ◉ 1,20,000.
- ○ 3,30,000.

✔

Submit You have used 1 of 1 attempt

PartA:Multiple Choice-3

1.0/1.0 point (graded)

Which of the following is a key characteristic of the long-run competitive equilibrium that distinguishes it from the short-run competitive equilibrium?

- ◉ Free entry to reduce short-run profits, or free exist to reduce short-run losses.
- ○ Economic profits are positive, but cannot be negative.
- ○ Marginal revenue is greater than marginal cost.

Average revenue is less than average cost.

✔

Submit You have used 1 of 1 attempt

PartA: Multiple Choice-4

1.0/1.0 point (graded)

Which of the following is the best example of a natural monopoly?

owning the only licensed taxicab in town

Bangladesh Postal Service

ownership of the only ferry across Padma river for 50 miles

the only internet service provider in your hometown.

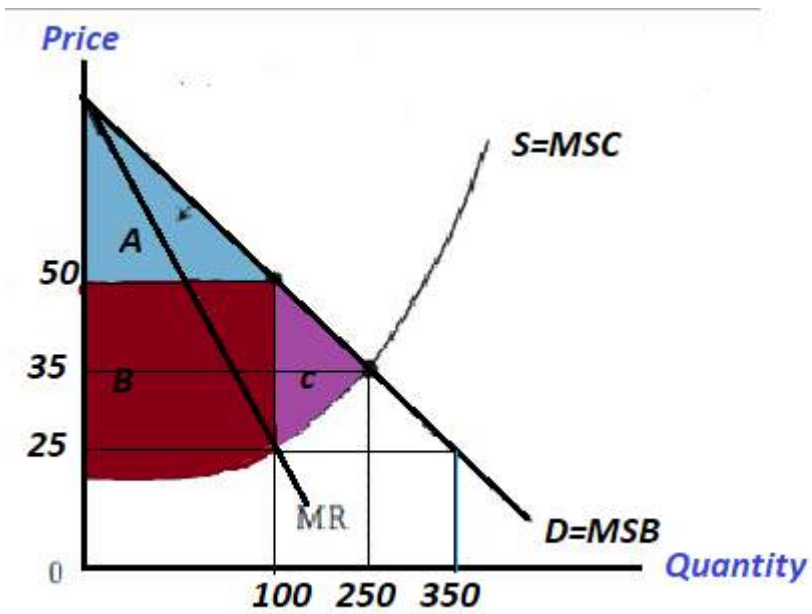
✔

Submit You have used 1 of 1 attempt

PartB: Numerical Questions

6.0/6.0 points (graded)

Blue INK is the only cabel service provider in Gazipur. The diagram below depicts the price, output and costs incurred by Blue INK. Use the graph to answer the following questions:



1. What is the Total revenue generated by Blue INK at the profit maximizing level of output?[Answer in Numerical value only.i;e. 1,2,3,4,5]

5000 ✔

5000

2. If the Cable Service Market turns into a Perfectly Competitive Market, what will be the total ammount of the service provided? [Answer in Numerical value only]

250 ✔

250

3. If the market turns into a Monopoly market again, what will be the total deadweight loss created? [Answer in Numerical value only]

1875 ✔

1875

Submit

You have used 1 of 1 attempt

Numerical Input

Assignment due Dec 30, 2021 23:59 +06 Completed

Numerical Input

8.0/8.0 points (graded)

A perfectly competitive firm has the following short-run total cost.

Quantity	Total cost (in Taka)	Average total cost	Variable cost	Average variable cost	Marginal cost
0	2				
1	7				
2	10				
3	15				
4	22				
5	31				
6	42				

(a) Calculate this firm's marginal cost for output level 5.

Give your answer in 2-decimal places.

9 ✔

9

(b) Calculate this firm's marginal cost for output level 6.

Give your answer in 2-decimal places.

11 ✔

11

(c) What is the average total cost at which, this firm reaches its break even-point?

Give your answer in 2-decimal places.

5 ✔

5

(d) What is the average variable cost at which, this firm reaches its shut-down point?

Give your answer in 2-decimal places.

4 ✔

4

Submit

Checkboxes

Assignment due Dec 30, 2021 23:59 +06 Completed

Checkboxes

2.0/2.0 points (graded)

1. A firm in perfect competition faces the demand function P = $40. This implies that it: [More than 1 correct option]

- [x] can sell any quantity at $40 a unit
- [ ] can sell some quantity at prices higher than $40
- [ ] Will have the incentive to "cut" the market and sell at less than $40
- [x] Competes with other firms with the same price.

✔

2. Which of the following options best describe a perfect compitative market- [More than 1 correct option]

- [x] No barrier to entry or exit into the market
- [ ] Price is greater than marginal cost
- [ ] Few buyers and sellers in the market
- [x] Positive economic profit in the short run.

✔

Submit

Numerical Input

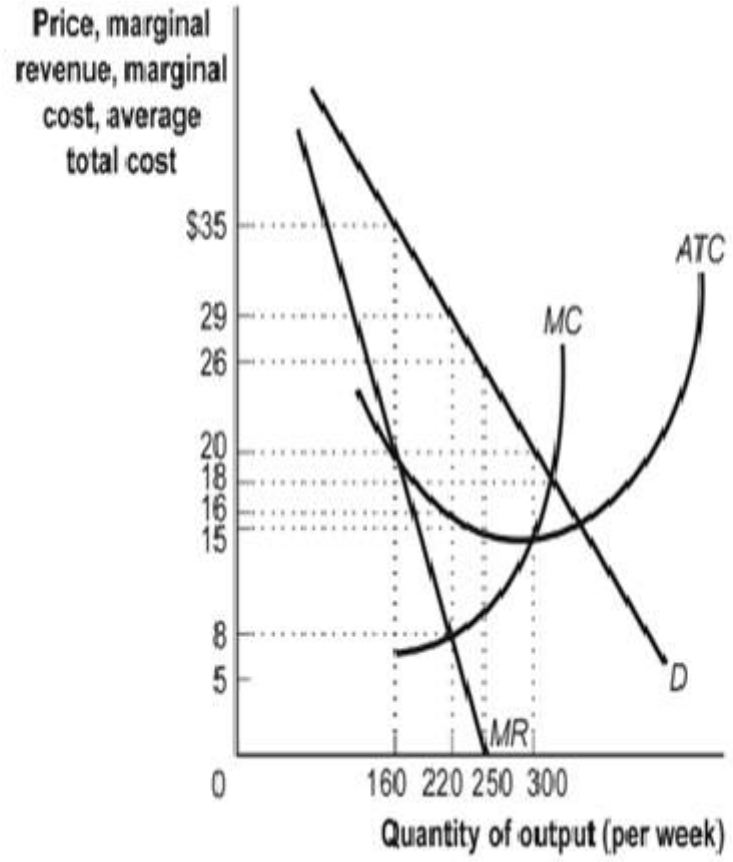
Assignment due Dec 30, 2021 23:59 +06 Completed

Numerical Input

8.0/8.0 points (graded)

Lisa runs a natural monopoly by supplying water to a remote village.

The diagram below shows her output and pricing decision. Use the graph to answer the follwoing questions-



Q.1 In order to maximize profit, how many units of water will Lisa produce? [Answer in Numerics only]

220 ✔

220

Q.2 What is Lisa's per unit cost at profit maximizing unit? [Answer in Numerics only]

16 ✔

16

Q.3 The price at which the monopolist sells the water for is- [Answer in Numerics only]

29 ✔

29

Q.4 Total profit earned by the sell of water is- [Answer in Numerics only]

2860 ✔

2860

Submit

Checkboxes

Assignment due Dec 30, 2021 23:59 +06 Completed

Checkboxes

2.0/2.0 points (graded)

1. Which of the following is true for a natural monopoly? [More than 1 correct option]

- [x] The firm can supply the entire market at a lower cost than two or more firms could.
- [ ] Its average total cost curve slopes upward as it intersects the demand curve
- [ ] The firm is not protected by any barrier to entry.
- [ ] Economies of scale exist to only a very low level of output.
- [x] Its average total cost curve slopes downward as it intersects the demand curve.

✔

2. Deadweight loss occurs in Monopoly market because- [More than 1 correct option]

- [x] Price charged by a monopolist is higher than perfectly competitive market
- [x] A monopoly market restricts output below the level in perfect competition.
- [ ] A monopolist makes greater profit by producing at the minimum possible long-run average cost.
- [ ] For a monopoly market marginal benefit equals marginal cost.

✔

Submit

Final Examination

Final due Jan 9, 2022 12:00 +06 Completed

On this exam, I will not cheat, use unfair means, join intentionally or unintentionally any online or offline group in which exam answers are posted or discussed, or engage in any behaviour that would commonly be deemed academically unethical.

I acknowledge that I may be suspended or expelled from Brac University if I am found to have engaged in any academically unethical behaviour.

I understand that a certain percentage of students will be randomly selected for a viva after the exam and asked about their exam answers and related information and that if called for a viva, that I must appear for the viva within a designated time frame.

I understand and accept that the viva may be scheduled at any point in time after I submit my answers online.

I understand that if I do not appear for the viva without a valid reason, it will be considered as evidence of cheating.

An inability to explain my exam answers during the viva may also be construed as evidence of cheating. I consent to video/audio recording of these viva sessions. I further recognize that non-compliance with the above may lead to further disciplinary actions which I accept without complaint.

Q1

4.0/4.0 points (graded)

a) Why is the PPF curve bowed outward. Is it due to increasing opportunity cost or decreasing opportunity cost or constant opportunity cost

Type and answer using only one of the underlined words above

increasing opportunity co ✔

b) What happens to the PPF curve during a recession? Will it shift inward or outward or remains constant

Type and answer using only one of the underlined words above

inward ✔

c) Suppose a technology is banned due to its adverse environmental impacts. Would the production possibilty curve shift inward or outward or remain constant due to this

Type and answer using only one of the underlined words above

inward ✔

d) How will a policy encouraging more immigration would shift the production possibility forntier. It will shift inward or outward or remain constant

Type and answer using only one of the underlined words above

outward ✔

Submit You have used 1 of 1 attempt

Q2

4.0/4.0 points (graded)

Farm-A and Farm-B grow the following amounts of potatoes and cabbage in their famrs:

Farm-A takes one week to produce 105 units of potatoes and 207 units of cabbages

Farm-B takes one week to produce 127 units of potatoes and 152 units of cabbages

a) What is the opportunity cost of Farm-A to produce 20 units if cabbages

Give your answer in 2 decimal places.

10.1449276 ✔

10.1449276

b) What is the opportunity cost of Farm-B to produce 12 units of potatoes

Give your answer in 2 decimal places.

14.36 ✔

14.36

Submit You have used 1 of 1 attempt

Q3

2.0/8.0 points (graded)

Although there is demand in the local market, much of the demand for Bangladeshi Jute output has come from other countries. We are told that total demand is Q = 3538 - 290P;

where, domestic demand is Q_{dd} = 1528 - 113 P;

export demand is Q_e = 2010 - 177 P

supply is Q_s = 1702 + 192 P. (Note: total demand, Q = Q_{dd} + Q_e)

(a) What is the equilibrium market price of jute?

Please give your answer in 2 decimal places.

3.81 ✔ **Answer:** 3.809128630705394

3.81

(b) Suppose, due to the recent pandemic, the export demand for jute falls by 54 percent. What happens to the price of jute in Bangladesh?

Please give your answer in 2 decimal places.

1.94 **Answer:** 1.9424460431654675

1.94

(c) Now suppose the BD government wants to buy enough jute to raise the price to $5.800000000000001 per unit. With this drop in export demand, how much jute would the government have to buy?

Please give your answer in 2 decimal places.

1490.64 **Answer:** 1490.6360000000004

1490.64

(d) How much would this cost the government?

Please give your answer in 2 decimal places.

8645.69 **Answer:** 8645.688800000004

8645.69

Submit You have used 1 of 1 attempt

Q4

3.0/6.0 points (graded)

The Health Ministry is evaluating the data of the soft beverages market.

Demand function: $Q_D = 290 - 5P$

Supply function: $Q_S = -60 + 5P$

Submit answers in two decimal places if you get answers in decimals/fractions

(a) Find the Total Surplus.

2645 ✔ **Answer:** 2645.0

2645

The authority is concerned about the increasing obesity rate in the country. Hence, they have decided to impose a tax of TK 10 per unit on soft drinks.

Submit answers in two decimal places if you get answers in decimals/fractions

(b) What is the total of new consumer surplus and producer surplus after government intervention?

1620 **Answer:** 1620.0

1620

Submit You have used 1 of 1 attempt

Q5

6.0/6.0 points (graded)

You are an economist. Your friend started a new business selling masks. She asked for your help in making some important decisions. From the data obtained from her, you computed the Price Elasticity of Demand (PED) of Masks, and found absolute PED in February was 1.37, and since then the absolute PED of Masks declined by 50% in June.

(a) Based on the PED of June, you would advise your friend for an **increase/decrease/unchanged** in the price -

Insert one word answer (increase/decrease/unchanged)

Increase ✔

(b) The market price of the mask in July was Tk10 per unit. The total revenue earned in July was Tk600. You received the data for August and observed that the price now in August is Tk28 per unit and the quantity of masks sold in August is 9 units.

Calculate the absolute value of Price Elasticity of Demand (PED) for masks from July to August.

Do not convert into percentage. Give your answer in 2 decimal places. E.g. If you get PED = -0.253 then submit 0.25

1.56 ✔

1.56

Submit You have used 1 of 1 attempt

Q6

6.0/6.0 points (graded)

A perfectly competitive firm has the following short-run total cost.

Quantity	Total cost (in Taka)	Average total cost	Variable cost	Average variable cost	Marginal cost
0	5				
1	10				
2	13				
3	18				
4	25				

5	34				
6	45				

(a) Calculate this firm's marginal cost for output level 5.

Give your answer in 2-decimal places.

9 ✔

9

(b) Calculate this firm's marginal cost for output level 6.

Give your answer in 2-decimal places.

11 ✔

11

(c) What is the average total cost at which, this firm reaches its break even-point?

Give your answer in 2-decimal places.

6 ✔

6

(d) What is the average variable cost at which, this firm reaches its shut-down point?

Give your answer in 2-decimal places.

4 ✔

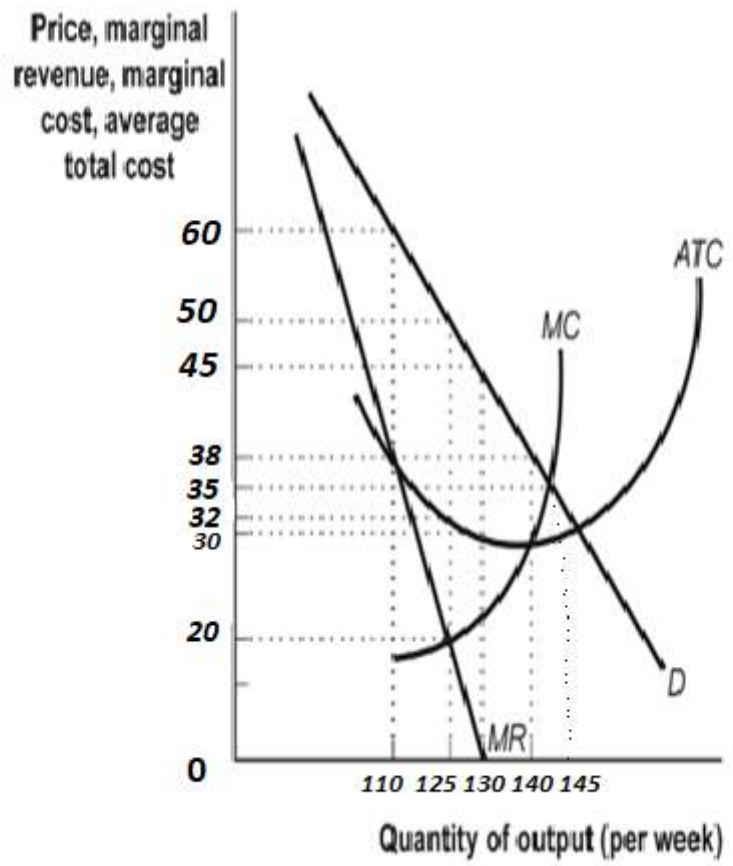
4

Submit You have used 1 of 1 attempt

Q7

4.0/6.0 points (graded)

The graph below shows the Market conditions of Honey's Laundry service, which is the only laundry in Banani Residential Area. Considering the shop as a Monopoly market, answer the following questions:



(a)In order to maximize profit, how many clothes does the shop clean ?[Answer in numerical value only without any unit]

125

✔ **Answer:** 125

125

(b)If the opening of five new laundry turns it into a perfectly competitive market, what should be the price Sunny's laundry be charging now?[Answer in numerical value only without any unit]

35

Answer: 35

35

(c)Compute the change in total revenue between part a and part b.[Answer in numerical value only without any unit]

1175

✔ **Answer:** 1175

1175

Submit

You have used 0 of 1 attempt