**ECO101: Introduction to Microeconomics**

Assignment-1 Lecturer: NIS Total marks 30

***Assignment must be completed individually. No assignments will be accepted after the deadline mentioned in the class. Answer all the questions.***

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Units of output | Total fixed cost | Total variable cost | Total Cost | Average fixed cost | Average variable cost | Average total cost | Marginal cost |
| 0 |  | 0 | 150 | – | – | – | – |
| 6 |  | 50 |  |  |  |  |  |
| 16 |  | 100 |  |  |  |  |  |
| 29 |  | 150 |  |  |  |  |  |
| 44 |  | 200 |  |  |  |  |  |
| 55 |  | 250 |  |  |  |  |  |
| 60 |  | 300 |  |  |  |  |  |

Question-1

1. Calculate and fill in all the missing values in the table above. (6)
2. Identify the shutdown point. (1)
3. Plot the AFC, AVC, ATC and MC curves. (4)
4. Why does the MC cut the ATC at its minimum point? (2)

Question-2

1. Explain a perfect competition market structure’s long run equilibrium. (6)
2. Is the long run outcome in this perfectly competitive market desirable? Evaluate in terms of efficiency and other concerns. (3)

Question-3

1. According to reports, more and more people—especially younger people, are getting their news from online and digital sources. The majority of US adults now own smartphones or tablets, and most of those Americans say they use these devices to get the news. From 2004 to 2012, the share of Americans who reported getting their news from digital sources increased from 24% to 39%. How has this shift in behavior affected consumption of print news media and radio and television news? (3)
2. Bangladesh is one of the biggest exporters of RMG in the world. Suppose workers from the RMG sector in Bangladesh are successful in obtaining a pay raise from the authorities. At the same time, China, The biggest RMG competitor of Bangladesh, faces export tariffs imposed by the Chinese Government. How will this change the equilibrium price and quantity of RMG in Bangladesh? (5)