**AMERICAN INTERNATIONAL UNIVERSITY-BANGLADESH**

**Course Name: Principle of Economics**

**Assignment 1 Total Marks: 20**

**1. The possible combination of out of an economy of Apple and Orange are given below.**

|  |  |
| --- | --- |
| Computer | Television |
| 50000 | 0 |
| 40000 | 10000 |
| 30000 | 20000 |
| 20000 | 30000 |
| 10000 | 40000 |
| 0 | 50000 |

1. Draw the production possibilities frontier using the table.
2. What is the opportunity cost of producing 1 Television?
3. Analyze which combinations are effective, ineffective, and unattainable. Write down that. Explain why the combinations are effective, ineffective, and unattainable.

**2. Following Table shows the demand schedule of Good X.**

|  |  |
| --- | --- |
| **Price of X** | **Quantity demanded of X** |
| **20** | **0** |
| **15** | **5** |
| **10** | **10** |
| **5** | **15** |
| **0** | **20** |

1. Draw the demand curve for Good X.
2. Suppose Good Y is a substitute for good X. On such case what will be the change in the demand curve of good X, Show that.
3. **Following Table shows the supply schedule of Good X**

|  |  |
| --- | --- |
| **Price of X** | **Quantity Supply of X** |
| **20** | **25** |
| **15** | **20** |
| **10** | **10** |
| **5** | **7** |
| **0** | **0** |

1. Draw the supply curve for Good X.
2. Suppose in market, sealer of Good X has decreased. On such case what will be the change in the supply curve of good X?
3. Considering both demand and supply schedule of Good X, draw the market of Good X and find out the equilibrium point, equilibrium quantity and equilibrium price.
4. In the market of Good X if the price of substitute (Good Y) decreases and on the other hand seller decreases in the market what will be the new equilibrium point, equilibrium quantity and equilibrium price, Show it in a graph write down the changes.