

Assignment No. 1

Q. No. 1 Make an assignment on properties of indifference curve?

Assignment No. 2

Cost of Production

1. Gertrude, a second year MBA student, takes three hours off one evening, and uses her car to go to a movie with a friend. A ticket to the movie costs Gertrude \$10, gas for the trip costs \$5, and she passed up tutoring a student that night at \$8 an hour. What is her opportunity cost of going to the movie? (1 point)
2. If the marginal cost of production is greater than the average cost, do you know whether the average cost is increasing or decreasing? Explain. (1 point)
3. Suppose you have the following information: complete the Table. (2 points)

Q	TFC	TVC	TC	MC	AFC	AVC	ATC
1	100	50					
2				30			
3						40	
4			270				
5							70

4. Suppose a firm must pay an annual franchise fee or tax, which is a fixed sum, independent of whether it produces any output or not. How does this tax affect the firm's fixed, marginal and average costs? (1 point)
5. A chair manufacturer hires its labor for \$22 per hour, and calculates that the rental cost of its capital is \$110 per hour. Suppose a chair can be produced using 4 hours of labor or machinery in any combination. If the firm is currently using 3 hours of labor for each hour of machine time, is it minimizing its costs of production? If not, why not and how can it improve the situation? (1 point)
6. If a firm enjoys increasing returns to scale up to a certain output level, and then constant returns to scale, what can you say about the shape of its long-run average cost curve? (1 point)
7. In the United States, more than 50 firms produce textiles but only 3 produce automobiles. This statistic shows that government antimonopoly policy has been more harshly applied to the textile industry than to the automobile industry". Can you give an alternative explanation for the difference in the number of firms in the two industries? (1 point)
8. Suppose that a firm's total cost is best described by the following quadratic cost function: $TC = 100 + 6q + q^2$, and $MC = 6 + 2q$. Write down the expressions for the firm's TFC, TVC, AFC, AVC and ATC. (2 points)

Assignment No. 3

Q. No. 1 Make an assignment on different cases of perfect competition in short run?