Assignment 6

Due on 2019-05-11, 23:59 IST.

1. What will happen to the firm if the government imposes an excise duty on its output?

- [ ] An increase in the price of the product
- [ ] A decrease in the demand for the product
- [ ] An increase in the cost of production
- [ ] A decrease in the supply of the product

2. The output-response curve for a firm is given below. What can be said about the elasticity of the demand for its product?

- [ ] Elastic
- [ ] Inelastic
- [ ] Unitary
- [ ] Perfectly elastic

3. If the price of a product is $5 and the marginal cost is $3, what is the profit? (Assume that fixed costs are $20)

- [ ] $10
- [ ] $15
- [ ] $20
- [ ] $25

4. A firm is producing 100 units of a product at a total cost of $1000. If the price of the product is $20, what is the profit? (Assume that fixed costs are $500)

- [ ] $300
- [ ] $400
- [ ] $500
- [ ] $600

5. In the case of perfectly competitive firms, what is the purpose of marginal cost pricing?

- [ ] To maximize profits
- [ ] To minimize costs
- [ ] To achieve a zero-profit equilibrium
- [ ] To ensure social efficiency

6. A company produces 100 units of a product at a total cost of $1500. If the price of the product is $15, what is the profit? (Assume that fixed costs are $750)

- [ ] $250
- [ ] $300
- [ ] $350
- [ ] $400

7. If a firm is producing 50 units of a product at a total cost of $2500, what is the average cost per unit? (Assume that fixed costs are $1000)

- [ ] $50
- [ ] $60
- [ ] $70
- [ ] $80

8. A firm is producing 200 units of a product at a total cost of $3000, what is the average variable cost per unit? (Assume that fixed costs are $1000)

- [ ] $10
- [ ] $15
- [ ] $20
- [ ] $25

9. A perfectly competitive firm is producing 100 units of a product at a price of $3. If the marginal cost is $2, what is the profit? (Assume that fixed costs are $50)

- [ ] $150
- [ ] $200
- [ ] $250
- [ ] $300

10. A company produces 100 units of a product at a total cost of $1000, what is the average cost per unit? (Assume that fixed costs are $200)

- [ ] $10
- [ ] $12
- [ ] $14
- [ ] $16

11. A perfectly competitive firm produces 100 units of a product at a price of $2. If the marginal cost is $1, what is the profit? (Assume that fixed costs are $400)

- [ ] $0
- [ ] $40
- [ ] $80
- [ ] $120

12. A firm produces 200 units of a product at a total cost of $3000, what is the average variable cost per unit? (Assume that fixed costs are $1500)

- [ ] $5
- [ ] $10
- [ ] $15
- [ ] $20

13. A perfectly competitive firm produces 50 units of a product at a price of $4. If the marginal cost is $3, what is the profit? (Assume that fixed costs are $100)

- [ ] $100
- [ ] $150
- [ ] $200
- [ ] $250

14. A company produces 100 units of a product at a total cost of $1500, what is the average cost per unit? (Assume that fixed costs are $300)

- [ ] $15
- [ ] $20
- [ ] $25
- [ ] $30