

Econ2020A: Intermediate Microeconomics
Midterm1, Marks 21
Calculators allowed

•**Duration:** 1 Hour 45 Mins (6:05-7:55 PM) in class

•**Answer all 3 questions; each question has several parts**

•**Syllabus:** Chapters 6, 7 & 8 sections discussed in class including the following:

1. (Ch.06)
Short-run and long-run production functions
AP, MP, the law of diminishing marginal return
MRTS, constant and diminishing MRTS;
Constant, increasing and decreasing returns to scale;
Exercise similar to the ones discussed in class/tutorial

2. (Ch.07)
Explicit cost, implicit cost, opportunity cost
7 short-run cost curves
Relationship between marginal product of labour and the marginal cost curve
Optimum input combinations in the long-run (iso-quant, iso-cost)
Exercise similar to the ones discussed in class/tutorial

3. (Ch.8)
Properties of perfect competition
Why a firm's $AR=MR$ under perfect competition
Conditions of profit maximization/loss minimization/shut-down
Supply curve of a firm operating under perfect competition
Deriving a market supply curve from individual supply curves
Exercise similar to the ones discussed in class/tutorial