**Group Assignment, Introduction to Economics**

**Weight: 15 %**

**Submission date:** December 30/2012E.C

Briefly explain the theory if necessary show graphically and show the necessary steps for workout questions.

1. Explain the difference between the equilibrium conditions of the consumer under cardinal utility approach and ordinal utility (indifference curves) approach.
2. Explain the three stages of production in the short run production period.
3. Distinguish the relationship between each of following pairs in the short run MC & MPL and AVC & APL.
4. Define cost and state the type of costs based on production period, and source of cost?
5. Explain briefly with example the three approaches of measuring GDP?
6. Disuse the perfect and imperfect market structures, feature, importance, and limitations of each market structure from the angle of achieving economic efficiency?
7. Consider the following short run production function Q = 6L2− 0.4L3
8. Find the value of L that maximizes output?
9. Find the value of L that maximizes marginal product?
10. Find the value of L that maximizes average product?
11. Given a short run cost function as TC =1/3 Q3− 2Q2+ 60Q +100, find the minimum value of AVC and MC?
12. Suppose the utility function given of the consumer is given as U(X, Y) = X0.50Y0.50 .A consumer has birr 20 to spend on the two commodities?
13. Demand for X and Y at optimum, if the price of X and Y is 2 and 3 birr respectively?
14. The portion of income that he spends on the consumption of the optimal bundles X & Y respectively ?
15. Suppose a firm faces the production function Q = 0.8 K0.4 L 0.3. It sells its output at a fixed price of 450 Birr a unit and can buy K and L at 15 Birr per unit and 8 Birr per unit respectively. What input mix will maximize profit?