

There were a total of 32 questions in my ECO404 Mid-term paper today: 28 MCQs and 2 questions of 3 marks each and 2 questions of 5 marks each...!!! (Time: 60 Min) By *QWAI'S SHAFIQUE*.

Objective was Tough...!!!

Q1. What Factors should managers take under consideration while deciding on which forecasting technique to use? **(3 marks)**

Q2. What is Break even analysis? Explain it with formula? **(3 marks)**

Q3. What are Increasing returns to scale and decreasing returns to scale? Explain? **(5 marks)**

Q4. Consider the following information of the firm:

Total fixed cost = Rs.2

Price level = Rs. 15

Average variable cost = Rs. 5

Target profit level = Rs. 150

From this information, calculate the break even level of output and target level of output? **(5 marks)**

Solution to Q4.

(1)

$$\begin{aligned} Q_B &= \frac{TFC}{P - AVC} \\ &= \frac{250}{15 - 5} \\ &= \mathbf{25} \end{aligned}$$

(2)

$$\begin{aligned} Q_T &= \frac{TFC + \Pi_T}{P - AVC} \\ &= \frac{250 + 150}{15 - 5} \\ &= \mathbf{40} \end{aligned}$$

ECO404 Mid Term Paper Spring 2012 by Zufi

boht boht gnda paper tha..

learning curve.. RMS 5 5 k or

ak darivative tha or ak bhol gya hy..!!

mcqz wr not so easy..!!!

Question: Differentiate between explicit and implicit costs.

Answer: Explicit costs: Explicit costs are the actual out of pocket expenditures of the firm to purchase or hire the inputs it requires in production. Implicit costs: Implicit costs refer to the value of the inputs owned and used by the firm in its own production processes.

Question: Differentiate between accounting profit and economic profit.

Answer: Business or Accounting Profit: Total revenue minus the explicit or accounting costs of production. Economic Profit: Total revenue minus the explicit and implicit costs of production.

Question: Differentiate between direct demand and derived demand.

Answer: Direct Demand Individual's demand for goods and services that directly satisfy consumer desires is known as direct demand. This is also known as consumer demand. Derived Demand Goods that are demanded not for direct consumption but rather for their use in providing other goods and services are known as derived demand. Their demand is derived from the demand for the products they are used to provide. Input demand is called derived demand. It is also called business demand.

Question: Differentiate between the situation of surplus and shortage.

Answer: Surplus: A surplus is created when producers supply more of a product at a given price than buyers demand. Surplus describes a condition of excess supply. Shortage: A shortage is created when buyers demand more of a product at a given price than producers are willing to supply. Shortage describes a condition of excess demand.

Question: Differentiate between short run and long run.

Answer: Short run: The short run is the period of time in which sellers already in the market respond to a change in equilibrium price by adjusting variable inputs. Buyers already in the market respond to changes in equilibrium price by adjusting the quantity demanded for the good or service. Long run: The long run is the period of time in which new sellers may enter a market, existing sellers may exit from a market, existing sellers may adjust fixed factors of production, and buyers may react to a change in equilibrium price by changing their tastes and preferences.

Read more: [Midterm papers of ECO404 required - Virtual University of Pakistan](http://vustudents.ning.com/group/eco404managerialeconomics/forum/topics/midterm-papers-of-eco404-required#ixzz1zSn5tWk)
<http://vustudents.ning.com/group/eco404managerialeconomics/forum/topics/midterm-papers-of-eco404-required#ixzz1zSn5tWk>

That was pretty tough for me ;(
 28 MCQ's, 2 questions of 3 marks and 2 questions of 5 marks... For MCQ's read Hand-outs. short questions are from 1. Economies of Scope 2. Assumptions of LP 3. Numerical from Growth Trend Analysis 4. Cobb-Douglas production function in Logarithms.

Read more: [ECO404 Current Mid Term Papers Spring 2012 Date: 11-5-2012 to 22-05-2012 - Virtual University of Pakistan](http://vustudents.ning.com/group/eco404managerialeconomics/forum/topics/eco404-current-mid-term-papers-spring-2012-date-11-5-2012-to-22-05-2012-#ixzz1zSnTWuVZ)
<http://vustudents.ning.com/group/eco404managerialeconomics/forum/topics/eco404-current-mid-term-papers-spring-2012-date-11-5-2012-to-22-05-2012-#ixzz1zSnTWuVZ>

- Today was my ECO404 paper (28 MCqs) Short Questions were
1. Output Elasticity definition.
 2. Engineering Technique.
 3. 5 quarter moving over average
 4. Explicit cost and Implicit cost

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my eco404 paper on 21 may 2012

Q.1 sum of the squared deviation of firms actual shares from forcasted share is equal to 50.58 for 6 numbers of observations. calculate root mean square error from this equation

Q.2 you have given the following information of firm

total fixed cost = 200

price level = 20

average variable cost = 10

calculate break even point

Q.3 price = $430 - 0.05Q$

total cost = $3000 + 45Q + 0.03Q^2$

find total profit function

Q.4

Calculate root mean square

Quarter	Firm actual share	3 quarter moving average
1	12	-
2	15	
3	13	
4	18	13.33
5	19	15.33
6	14	16.67
7	17	17
8	16	16.67
9	13	15.67
10		15.33

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27 total Qz

22 WERE MCQZ, mostly frm Regression, elasticity, and last lectures

Theory Qz were Forecasting Note(3)

Lagrangian equation and partial derivatives (5)

To maximize the function $Q=f(l,k) c= W+rk$ How w.r.t Lagrangian eq (3)

Calculating Average trend of different quarters(5)

EXpansion path (3)