

**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.

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**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.

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**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.

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**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.

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**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#ixzz1uL3otV5x>

Graphically Explain shapes of isoquants  
for perfect substitution  
for perfect substitution(3 Marks)

Differentiate implicit and explicit (3 Marks)

Differentiate Qualitative and Quantitative Forecasting (3 Marks)

In what situation, we use engineering techniques (5 Marks)

Numerical Question: Seasonal Trend with 4 years 1st quarter data

.....Actual Data ... Forecast Data

2004.1	15.63	15
2005.1	20.63	17
2006.1	21.72	19
2007.1	23.65	21

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[Permalink](#) Reply by **Adnan Younas** on December 1, 2011 at 12:27pm

Some MCQs.. from the following

1. Holding all other things constant (*ceteris paribus*)
2. *Total Cost = Fixed + Variable*
3. Time series data can be represented as:

$$Y_t = f(T_t, C_t, S_t, R_t)$$

$Y_t$  = actual value of the data at time  $t$

$T_t$  = trend component at  $t$

$C_t$  = cyclical component at  $t$

$S_t$  = seasonal component at  $t$

$R_t$  = random component at  $t$

#### 4. PROBLEMS IN REGRESSION ANALYSIS

Multicollinearity: Two or more explanatory variables are highly correlated.

Heteroskedasticity: Variance of error term is not independent of the  $Y$  variable.

Autocorrelation: Consecutive error terms are correlated.

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[Permalink](#) Reply by **Nadia Butt** on November 26, 2011 at 2:27pm

I had Eco'z paper today

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)

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[Permalink](#) Reply by **Kiran Sohail** on November 27, 2011 at 11:53pm

ok it was 22 mcqs  
3 question of 3 marks  
2 q of 5 marks  
one q was abt learning curve its explanation and diagram 5 marks  
a numerical of 5 mark where to find forecasting for 2011 and 2015 of some firm  
a 3 mark q where to explain demerits of moving average  
one more q of 3 mark was to explain demerits of something which i forget may be of exponential smoothing not sure  
and one q i forget completly  
mcqs r very easy if u just read all the lectures u can attempt all 22 mcqs just reading all lecture can be very beneficial  
mcqs were frm lec 6 to 20  
i thing lectures about forecasting and regression are very imp and also the elasticity

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[Permalink](#) Reply by [shahbaz](#) on December 1, 2011 at 8:49pm

hi nadia  
i am shahbaz  
from vu  
i nee eco404 guidance from you if you can help me mail me on shahbaz.4499@gmail.com

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[Permalink](#) Reply by [Adnan Younas](#) on January 12, 2012 at 7:09pm

Dear Shahbaz,

Please share your Quiz. I will share my Quiz too soon in my thread ECO404 Quiz

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[Permalink](#) Reply by **Adnan Younas** on December 15, 2011 at 3:33pm

Please save your LMS Quiz in future and share on this forum or email me at adnanunos@yahoo.com.

I did not found a single MCQ paper on internet of this subject.

I will share my and my friend Quiz to you too.

Procedure for saving your Quiz (Quickly)

when you are on Quiz screen then press Print Screen button and paste into MS word and so on. Question will be saved in less then 2 seconds.

.



[Permalink](#) Reply by **Nadia Butt** on December 16, 2011 at 10:51am

I'll share my quiz files as well....I prefer saving questions in notepad ,later on it can be easily edited and solved for exam preperation.

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[Permalink](#) Reply by **Adnan Younas** on December 16, 2011 at 11:42am

OK thanks its better way to save MCQs Quiz.

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Permalink Reply by Adnan  
Younas on December 23, 2011 at 2:58pm

Here is my Quiz, Please Share your Quiz too. I will be waiting.

### Quiz No. 3 ECO404

Question # 1 of 10 ( Start time: 02:39:58 PM ) Total Marks: 1  
Multiple equation econometric models consist of:

Select correct option:

Equalities only

Identities only

Behavioral equations only

Both Identities and behavioral equations

Question # 2 of 10 ( Start time: 02:40:51 PM ) Total Marks: 1  
Profit is maximized where:

Select correct option:

Marginal revenue = Marginal cost

Marginal revenue = Average cost

Marginal cost = Average revenue

Average revenue = Average cost

Question # 3 of 10 ( Start time: 02:42:05 PM ) Total Marks: 1  
If a firm takes opinion of different individuals for the purpose of forecasting, this is known as:

Select correct option:

- Personal insight approach to forecasting
- Panel consensus approach to forecasting
- Delphi approach to forecasting
- Time series analysis

Question # 4 of 10 ( Start time: 02:43:17 PM ) Total Marks: 1

Fluctuations should be random. It is the requirement of which of the following technique(s)?

Select correct option:

- Moving average technique only
- Exponential smoothing technique only
- Both moving average and exponential techniques
- Barometric technique

Question # 5 of 10 ( Start time: 02:44:32 PM ) Total Marks: 1

Non-price determinant of supply includes:

Select correct option:

- Prices of other goods or services
- Input prices
- Weather conditions
- All of the given options

Question # 6 of 10 ( Start time: 02:45:31 PM ) Total Marks: 1

If the percentage change in profit is Rs. 400 and percentage change in sales is Rs. 100 then what will be the degree of operating leverage?

Select correct option:

- 1
- 2

3

4

Question # 7 of 10 ( Start time: 02:46:43 PM ) Total Marks: 1

Given the Cobb Douglas production function:  $Q = ALaKb$

There will be decreasing returns to scale if:

Select correct option:

$a + b > 1$

$a + b < 1$

$a + b = 1$

$a + b = 0$

Question # 8 of 10 ( Start time: 02:47:37 PM ) Total Marks: 1

$Y = a + bX + e$  "b" shows ----- in this regression equation.

Select correct option:

Intercept

Slope

Elasticity

Power

Question # 9 of 10 ( Start time: 02:49:01 PM ) Total Marks: 1

Given the marginal cost function,  $MC = 5Q^2 - 10Q + 50$ , what is  $dMC/dQ$ ?

Select correct option:

$5Q + 50$

$10Q - 10$

$10Q + 50$

$5Q - 10Q$

Question # 10 of 10 ( Start time: 02:49:44 PM )  
Marks: 1

Total

In which of the following cases, cost elasticity will be more than one?

Select correct option:

When percentage change in cost is less than the percentage change in output

When percentage change in cost is greater than the percentage change in output

When percentage change in cost is equal to the percentage change in output

When percentage change in cost is less than the percentage change in input

Read more: [ECO404 Current Mid Term Papers Nov 2011, \(Fall 2011\) - Virtual University of Pakistan http://vustudents.ning.com/group/eco404managerialeconomics/forum/topics/eco404-current-mid-term-papers-nov-2011-fall-2011#ixzz1uL5T9Eg1](http://vustudents.ning.com/group/eco404managerialeconomics/forum/topics/eco404-current-mid-term-papers-nov-2011-fall-2011#ixzz1uL5T9Eg1)

## 13 may paperr

ECO404 final paper spring 2011

46 MCQs

- 1) 2 functions were given their derivatives were asked to find.
- 2) what is the usefulness of Game theory?
- 3) how opportunity cost is defined?
- 4) what is by-product?? give example
- 5) what are the characteristics of competitive competition? discuss them
- 6) Why decision making is complicated in oligopoly as compared to other market structures?? discuss
- 7) How Game theory helps in risk analysis?  
what are the contributions of Behavioral theory??
- 9) last question is also mathematical. a question was given and the requirement was to calculate the explicit & implicit cost of entrepreneur..( the same question which was in assignment 1)