**Micro Economics**

**June 2022 Examination**

**Q1. The concept of elasticity for demand is essential for determining the prices of various factors of production. Elaborate on the Price elasticity of Demand and discuss the various types of price elasticity of demand. (10 Marks)**

**Ans 1.**

**Introduction:**

Economists describe demand elasticity as how responsive a product's demand is to changes in parameters consisting of charges or profits. The demand regulation asserts that, given all other factors being identical; demand for that product decreases while a product's rate rises. As a result, because the price of a product falls, so does the marketplace for that product. As a result, demand regulation establishes an inverse connection between a product's charge and the number of additives. In contrast, the delivery regulation holds that if all other situations stay constant, a Its Half solved only

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**Q2. Elaborate on the term Total Utility and Marginal Utility. Calculate Marginal Utility in the given table (10 Marks)**

|  |  |  |
| --- | --- | --- |
| **No. of Bread Slices consumed** | **Total Utility** | **Marginal****Revenue** |
| **0** | **0** |  |
| **1** | **8** |  |
| **2** | **14** |  |
| **3** | **18** |  |
| **4** | **19** |  |

**Ans 2.**

**Introduction:**

In economic terms, utility refers to a person's satisfaction from ingesting any services or products. General application and marginal software are the two categories of utility defined in economics. It's a tool for studying consumer choices in a marketplace. In economics, utility refers to the complete delight of consuming an item or carrier. Customers might commonly purpose to maximize their application based on rational preference primarily based on economic

**Q3a. From the given Demand Schedule for air tickets, calculate the elasticity of demand. (5 Marks)**

|  |  |
| --- | --- |
| **Price of Pen (per piece)** | **Quantity Demanded (lit)** |
| **15** | **90** |
| **20** | **85** |

**Ans 3a.**

**Introduction:**

A change in charge of a commodity impacts its demand. We can estimate the elasticity of order or the diploma of the variant in the amount desired by comparing percent charge moves with the

**Q3b. Elaborate on three types and economy and explain the role of government in the Capitalist /free enterprise system and the socialist system. (5 Marks)**

**Ans 3b.**

**Introduction:**

An economy is a device for producing and changing products. Free market, command, and combined economies are the 3 number one types of economies. A state will collapse if it does not have a viable economic syste