Business Economics

# September 2022 Examination

**Q1.Aakansha is handling an important project for her organization. She got tied up with the work, hence skipped her lunch. One of her friend offered Aakansha’s favorite pizza. She felt very thankful and happy with the kind gesture of her colleague. The first few bite of the pizza gave her a lot of satisfaction than the rest pieces. Comment on this behavior and elaborate on which economic theory it focusses on. Also, discuss the various assumptions of the given theory. (10 Marks)**

# Ans 1.

## Introduction

Aakansha is, at the rate, an important project for his company. He skipped lunch because he was given arrested for work. A beloved pizza was given to Aakansha by one of his friends. He changed into pleased and appreciative of our colleague's type gesture. The primary taste of pizza satisfied him extra than the following portions. Economic theories are centered on it as not anything more significant than a result. First, there may be the law of decreasing assets around you, after which economic happiness is regulated. The margin to limit marginal usage argues that

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# Q2. Enumerate the difference between Economies of scale and economies of scope. Explain how organizations achieve economies of scope. Provide real world examples of the organizations who have successfully adopted economies of scope. (10 Marks)

## Ans 2.

## Introduction

The well-known standard value of producing loads of devices is the challenge of scope economies. Economies of scope and scale are notions that specify why large organizations' costs are frequently cheaper. Economies of scope are involved in approximately the regular fashionable price of various commodities. Economies of scale, on the opposite hand, are worried about the cost advantage that results from an enormous degree of production for a single commodity. The notions of the financial machine of scope and financial device of scale are

**Q3a. Suppose the monthly income of an individual increases from Rs 20,000 to Rs 35,000 which increases his demand for clothes from 40 units to 50 units. Calculate the income elasticity of demand and interpret the result. (5 Marks)**

# Ans 3a.

## Introduction

According to the definition of earnings elasticity of demand, it is the growth of demand that reasons changes in client revenue. It's far said as a percent in the needed sales percentage alternate. The growth in global consumption for system requirements is represented statistically.

**Q3b. Quantity demanded for tea has increased from 300 to 450 units with an increase in the price of the coffee powder from Rs 25 to Rs 30. Calculate the cross elasticity of demand between tea and coffee and explain the relationship between the goods. (5 Marks)**

**Ans 3b.**

**Introduction**

In economic phrases, demand growth is a reaction to a product's demand in connection to the alternate within the rate of another associated product. Unrelated items do not see an increase in demand. An associated product