**Micro Economics**

**June 2023 Examination**

**1. “The technique of indifference curves has been used not only to explain consumer’s behaviour and demand but also to analyze and explain several other economic problems “In view to the above statement elaborate about indifference curve and its properties.**

**Ans 1.**

**Introduction:**

An indifference curve is a curve that depicts all the aims that result in a similar level of consumer pleasure. The consumer favours each mixture evenly since they all offer the exact same level of enjoyment. Therefore, the indifference curve's name. An "indifference map" is a graph with many curves, each of which represents a different pairing of two distinct goods. On that graph, every indifference It is only half solved

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**2. Find below hypothetical data for total production costs of a manufacturing firm at various levels of output. Complete the following:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Output**  | **Total cost**  | **Fixed cost**  | **Variable cost**  | **Average fixed cost**  | **Average variable cost**  | **Average cost**  |
| 0  | 1000  | 1000  | 0  |
| 20  | 1200  | 1000  | 200  |
| 40  | 1300  | 1000  | 300  |
| 60  | 1380  | 1000  | 380  |
| 100  | 1600  | 1000  | 600  |

**Ans 2.**

**Introduction:**

Cost is the financial worth of the goods and services that producers and consumers purchase. The cost price, in accordance with fundamental economic discernment, is an estimation of the equivalent opportunities forgone in choosing one good or endeavour over another. Usually, the opportunity cost is used

**3a. Calculate the price elasticity of demand by percentage method for the following data:**

**When the price is Rs 20 per unit, demand for a commodity is 500 units. As the price falls to Rs15 per unit, demand expands to 800 Units.**

**3b. From the given demand and supply curve for Adidas Shoes, Calculate the equilibrium price and quantity.**

**Qd=400-3P**

**Qs=200+2P**

**Ans 3 A.**

**Introduction:**

Elasticity of demand refers to how quickly the amount of a good is demanded in response to changes in a factor that affects demand. In other words, it is the ratio of the proportion change in the quantity demanded to the percentage growth in a factor that affects demand. A demand that is elastic experiences a significant shift in quantity demanded as a result of a price adjustment. When the amount sought changes little as a result of a price adjustment, the demand is said to