

SVKM's NMIMS
NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: DFM/PGDFM

Examination: December 2016

Subject: Micro Economics

Date: 16.12.2016

Semester: II

Course : New

Marks : 70

Time: 11.00 a.m. to 2.00 p.m.

Instructions:

1. Answer to each new question to be started on a fresh page.
2. Figures in bracket indicate full marks.

Q.1) Attempt any 2 out of 4

(Marks: 2X5=10)

- a) Give any five advantages of break-even analysis in managerial decision making.
- b) Discuss the basic economic problems with examples.
- c) Discuss the need to understand Economics in business.
- d) Which concepts of microeconomics are used in managerial economics?

Q.2) Write Short Notes on any 2 out of 5

(Marks: 2X5=10)

- a) Principles of Economics
- b) Scientific and Intuitive Decisions
- c) Factors affecting market demand.
- d) Transaction Cost
- e) Barriers to entry in a market. (any two)

Q.3) Attempt any 3 out of 5

(Marks: 3X10=30)

- a) Consider the price and quantity situations as given in the following table.

Price of Commodity X	Quantity demanded of Commodity X
5	10
4	16
3	25
2	30
1	34

Calculate elasticity when price changes from Rs 4 to Rs 3 per unit and from Rs. 3 to Rs. 4 per unit.

- b) 'Policy decisions are also facilitated by an understanding of demand at various levels of aggregation' support the statement by classifying goods and mention the types of demand.
- c) Explain in brief the concept of price elasticity of demand also mention the factors that govern this elasticity.
- d) Explain with suitable diagram, why long run average cost curve is 'U' shaped?
- e) Highlight at-least five factors each that favor making a part in-house and factors that may influence firms to buy a part externally with reference to Make-or-buy decisions.

Q.4) Attempt both the questions

(Marks: 2X10=20)

- a) Explain the classification of market competition on the basis of number of firms and the nature of product produced by them in detail.
- b) Calculate the cross elasticity of demand if the price of good Y falls from Rs 100 to Rs. 90, and the demand for good X increase from 200 Kg. to 250 Kg. Comment on the result so obtained.
