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| **SESSION** | **JAN-FEB’24** |
| **PROGRAM** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **4** |
| **COURSE CODE & NAME** | **DMBA105 – MANAGERIAL ECONOMICS** |

**Assignment Set – 1**

**1. Why demand curve slopes downwards? What are its exceptions? 4+6**

**Ans 1.**

The demand curve, a fundamental concept in economics, typically slopes downward. This pattern reflects the inverse relationship between the price of a good or service and the quantity demanded by consumers. In other words, as the price of a product decreases, the quantity demanded generally increases, and vice versa. This downward slope can be attributed to several economic principles and behavioral responses, which include the substitution effect, the income effect, and diminishing marginal utility.

**Substitution Effect**

The substitution effect occurs when a decrease in the price of a good makes it more attractive relative to its substitutes. As the price of a product drops, consumers are likely to switch from

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**2. Why demand curve for a firm in perfectly competitive market is horizontal whereas it is downward sloping in imperfectly competitive market. 5+5**

**Ans 2.**

In the realm of economics, understanding why demand curves differ in shape between perfectly competitive and imperfectly competitive markets is fundamental. This exploration sheds light on the differing market dynamics and the strategic positioning of firms within these markets.

**Demand Curve in Perfectly Competitive Markets**

In a perfectly competitive market, the demand curve for an individual firm is horizontal,

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**3. Explain the different types of cost with suitable example. 10**

**Ans 3.**

In economics and business management, the concept of cost is multifaceted, reflecting various aspects of spending incurred by organizations or individuals. These costs are categorized based on their characteristics and the context in which they occur. Below are some key types of costs, each illustrated with examples to facilitate a clearer understanding:

**1. Fixed Costs**

Fixed costs are expenses that do not change with the level of production or sales. They are

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**Assignment Set – 2**

**4. Write down the ways to control inflation of a country. 10**

**Ans 4.**

**Strategies to Control Inflation in an Economy**

Inflation, characterized by a sustained increase in the general price level of goods and services in an economy, can have a significant impact on economic stability and purchasing power. Governments and central banks use various strategies to control inflation. These measures are crucial for maintaining economic stability and can be broadly categorized into

**5. Summarize the different objectives of pricing policies. 10**

**Ans 5.**

Pricing policies are fundamental for businesses as they directly impact revenue generation, market positioning, and overall strategic goals. Different pricing objectives guide how a company sets its prices, and these objectives can vary based on the company’s market, product life cycle, and competitive environment. Here are several key pricing objectives that