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| **SESSION** | **SEPTEMBER 2023** |
| **PROGRAM** | **BACHELOR of commerce (B.com.)** |
| **SEMESTER** | **I** |
| **course CODE & NAME** | **DCM 1102– Economic theory** |
| **CREDITS** | **4** |

**Assignment Set – 1st**

**Questions**

**1. What is utility? Examine the importance of law of diminishing marginal utility in demand analysis.**

**Ans:** The start of utility analysis is with the initial utility that is derived from the number of units of utility gained by a consumer by consuming certain good or service during a particular period. The higher the total utility of the consumer, the greater would be the satisfaction level of the consumer. Total utility measures the total satisfaction of wants and needs which are generated from consumption or usage of a good or service.

Utility, in economics, refers to the satisfaction or

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**2. Write a note on factors affecting supply along with suitable examples.**

**Ans:FACTORS AFFECTING SUPPLY**

Many important factors are involved in establishing the supply of a product or service. Any kind of change in any of these factors will have an impact on the supply of the product and can result in a change in the supply of the product also increases. Apart from this, the prices of other goods, that is, the substitute and complementary goods also have an

**3. Elucidate the concept of isoquants. Also discuss their types.**

**Ans:**An isoquant is a locus of points that represent the different technically efficient ways of combining the factors of production for producing a fixed level of output. Isoquant term is taken from a Greek word ‘iso’ which implies ‘equal’ and ‘quantus’ that means ‘quantity’. The isoquant curve is known as the ‘equal product curve’ or production indifference curve. An isoquant curve presents the locus of points which indicates various combinations of two inputs – capital and labour, producing a specific quantity of output

**Assignment Set – 2nd**

**Questions**

**1. Define monopolistic competition and explain the price determination under it.**

**Ans:MONOPOLISTIC COMPETITION**

A monopolistic competition market is a kind of market system that has the combination of a monopoly and perfect competition markets. In the monopolistic competitive market system, many firms or sellers offer the same products, but they are not the perfect substitutes. There are several competitors in the market, but the main point is that each competitor is differentiated from each other in

**2. Critically analyze the subsistence theory of wage determination.**

**Ans:**The subsistence theory of wage determination is an economic theory that suggests that wages tend to gravitate towards the minimum level required to sustain the life and reproduction of the labor force.

**This theory has historical roots and has been criticized**

**3. Examine the concept of ‘Paradox of thrift’.**

**Ans:PARADOX OF THRIFT**

The paradox of thrift was a concept put forward by economist John Maynard Keynes and he believed that people normally try to save more during the period of economic recession. This results in the fall of aggregate demand and eventually leads to a decrease in the economic growth of the country.

These situations