

NMIMS Centre for Distance and Online Education (NCDOE)

Course: Business Economics

Internal Assignment Applicable for Jun 2026 Examination

Assignment Marks: 30

Instructions

- *All Questions carry equal marks*
- *All Questions are compulsory*
- *All answers to be explained in not more than 1000 words for question 1 and 2 and for question 3 in not more than 500 words for each subsection. Use relevant examples, illustrations as far as possible*
- *All answers to be written individually. Discussion and group work is not advisable.*
- *Students are free to refer to any books/reference material/website/internet for attempting their assignments, but are not allowed to copy the matter as it is from the source of reference.*
- *Students should write the assignment in their own words. Copying of assignments from other students is not allowed*
- *Students should follow the following parameter for answering the assignment questions*

| For Theoretical Answer | |
|--|------------------|
| Assessment Parameter | Weightage |
| Introduction | 20% |
| Concepts and Application related to the question | 60% |
| Conclusion | 20% |

| For Numerical Answer | |
|--|------------------|
| Assessment Parameter | Weightage |
| Understanding and usage of the formula | 20% |
| Procedure / Steps | 60% |
| Correct Answer & Interpretation | 20% |

PLEASE NOTE: This assignment is application based, you have to apply what you have learnt in this subject into real life scenario. You will find most of the information through internet search and the remaining from your common sense. None of the answers appear directly in the textbook chapters but are based on the content in the chapter

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- Q1** A consumer electronics company is planning to launch an innovative smart home device in the Indian market. Since the product is completely new and there is no past sales data available, the company cannot rely on statistical forecasting methods. The management therefore decides to consult a panel of industry experts, market analysts, and senior sales managers. Each expert is asked to provide demand estimates independently and anonymously. The responses are collected, summarized, and shared with the panel without revealing the identity of any expert. This process is repeated until a reasonable consensus on expected demand is achieved.
- With reference to the above scenario, identify and explain the demand forecasting method being used. Discuss its key features, including the role of anonymous responses, and explain why it is suitable when historical data is not available
- (10 Marks)**
- Q2** A textile manufacturing company is experiencing several changes simultaneously. The government has reduced taxes on raw materials, new machinery has improved production efficiency, wages of labour have increased, and the firm expects higher prices in the near future. At the same time, the number of firms in the industry is also rising due to growing market demand.
- With reference to the above scenario, analyse the various factors affecting supply. Explain how changes in cost of production, technology, government policy, expectations of future prices, and the number of firms influence the supply of a commodity.
- (10 Marks)**
- Q3 (A)** During a severe drought, agricultural production declines sharply. Even though the market price of wheat rises significantly, farmers are unable to increase supply due to poor harvest and limited stock. Similarly, during a recession, small manufacturers cut down production despite stable prices because they expect prices to decline further in the future.
- Design a conceptual explanation or framework illustrating the exceptions to the Law of Supply based on the above situations. Develop arguments to show how factors

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such as natural constraints and future price expectations can cause deviations from the normal price–supply relationship.

(5 Marks)

Q3 (B) Mr. Arjun regularly consumes tea and coffee. Recently, the price of coffee has increased significantly, while the price of tea remains unchanged. Consequently, he reduces his coffee consumption and increases his purchase of tea. His income and preferences remain constant.

Design a consumer-behaviour model to illustrate the substitution effect in the above case. Construct a conceptual explanation (using appropriate assumptions and economic reasoning) to demonstrate how a change in the price of one good leads to a reallocation of consumption between substitute goods.

(5 Marks)
