

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA (AM) – SEMESTER – IV • EXAMINATION – SUMMER 2016

Subject Code: 4140503**Date: 12/05/2016****Subject Name: Micro Economics****Time: 10:30 AM to 1:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1** (a) Explain circular flow diagram with suitable example. **07**
 (b) Micro economics focuses on the behavior of the individuals, firms and their interaction in markets – Discuss. **07**

- Q.2** (a) Describe the law of supply and explain the factors affecting supply. **07**
 (b) Define price elasticity of demand and explain the five types of elasticity of demand with suitable diagrams. **07**

OR

- (b) List and explain some of the determinants of the price elasticity of demand. **07**

- Q.3** (a) From the following data calculate average variable cost, average total cost, and marginal cost for each quantity. **07**

Quantity	Variable Cost	Total Cost
0	0	1000
10	400	1400
20	700	1700
30	930	1930
40	1100	2100
50	1400	2400
60	1900	2900

- (b) Write a short note on economies and diseconomies of scale. **07**

OR

- Q.3** (a) Differentiate economic cost and accounting cost. **07**
 (b) Explain the factors affecting demand with suitable examples. **07**

- Q.4** (a) What is perfect Competition and explain the equilibrium of a firm under perfect competition in short run? **07**
 (b) Explain Long run equilibrium of a firm under Perfect competition. **07**

OR

- Q.4** (a) Long run average cost curve is also known as ‘Envelope Curve’. Elaborate the statement with suitable diagram. **07**
 (b) Define Total revenue, Average Revenue, Marginal Revenue and explain the relationship between Average revenue and Marginal revenue. **07**

- Q.5** (a) Explain Income elasticity of demand and cross price elasticity of demand. **07**
 (b) Explain in detail any two issues of Macro economics. **07**

OR

- Q.5** (a) Write a detail note on pricing scenario in automobile industry in India. **07**
 (b) Explain how the liberalization and globalization policies affected the pricing scenario of computers and electronics in India. **07**
