

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA (AM)– SEMESTER – 4 - EXAMINATION – WINTER 2016

Subject Code: 4140503**Date: 19/11/2016****Subject Name: Micro Economics****Time: 02.30 PM TO 05.30 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) Define business economics and explain its nature and scope. **07**
 (b) Write a detail note on circular flow diagram with suitable example. **07**
- Q.2** (a) What is price elasticity of demand? As a business manager, how do you find the demand elasticity to be useful? **07**
 (b) What is the law of demand? Explain with the help of demand schedule and demand curve. What are the exceptions to the law of demand? **07**
- OR**
- (b) Distinguish between: **07**
 (i) Demand Function and Demand Schedule
 (ii) Demand for Normal Goods and Demand for Inferior Goods
- Q.3** (a) Distinguish between the following: **07**
 (i) Marginal Cost and Incremental Cost
 (ii) Accounting Cost and Economic Cost
 (b) What is opportunity cost? Give some examples of opportunity cost. How are these costs relevant for managerial decisions? **07**
- OR**
- Q.3** (a) Explain the relationship between marginal cost, average cost and total cost in a short-run. **07**
 (b) How will you define economies of scale? What are the sources of internal and external economies? **07**
- Q.4** (a) Why a firm under perfect competition a price-taker and not a price-maker? **07**
 (b) What will happen to the demand curve of a perfectly competitive firm if:
 (i) New sellers are attracted to the industry by the existence of supernormal profits? (ii) There is an increase in market demand for the firm's output? **07**
- OR**
- Q.4** (a) Taking a real life example, discuss the features of the perfect competition. **07**
 (b) Define and distinguish between: (i) Price elasticity and Cross Elasticity (ii) Income Elasticity and Price Elasticity **07**
- Q.5** (a) What is the pricing scenario in India since economic reforms of 1991 with reference to computers and electronics? **07**
 (b) Analyse the relationship of business economics with (i) Micro and Macro Economics (ii) Accountancy and Management **07**
- Q.5** (a) Describe the pricing scenario in European country like Germany and France. **07**
 (b) Write a note on liberalization measures in India and its impact on various industries after 1991. **07**
