

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA (INTEGRATED) – SEMESTER 04– • EXAMINATION – SUMMER 2017

Subject Code: 4140503

Date: 29/05/2017

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)** What is Managerial Economics? Is Managerial Economics a Positive or Normative Science? (07)
- (B)** Define Micro Economics. Differentiate between Micro and Macro Economics. (07)

- Q.2 (A)** Explain Long -Run Average Cost and features of LAC. (07)
- (B)** Explain Price Elasticity of Demand (PED) and its types with diagram. (07)

OR

- (B)** Calculate PED in each of the following cases and comment on each: (07)
- a. The price of the product falls from Rs. 10 to Rs 8 causing demand to extend from 12500 to 15000
 - b. Demand contracts from 600 to 400 when prices rise from Rs 50 to Rs 60

- Q.3 (A)** Define Total Revenue, Average Revenue, Marginal Revenue and explain the relationship between Average Revenue and Marginal Revenue. (07)
- (B)** Write a short note on Money Cost, Opportunity Cost and Real Cost. (07)

OR

- (A)** Why is Short-run Average Cost Curve U-shaped? (07)
- (B)** What is the basic economic problem of the society? How can these Problems be solved with the help of market forces? (07)

- Q.4 (A)** What is the pricing scenario in India since economic reforms of 1991 with reference to automobile sector? (07)
- (B)** Explain the Law of Supply with the help of suitable diagram and also Explain the factors determining the elasticity of supply. (07)

OR

- (A)** Explain the circular flow of income with the help of diagram. (07)
- (B)** Explain Internal and external Economies and Dis economies of Scale. (07)

- Q.5 (A)** Classify the following pairs of goods into the categories of substitutes and complementary products and indicate the nature of their cross price elasticity (whether positive or negative). (07)
- a. Car and Scooter
 - b. Maruti Car and Padmini Car
 - c. Electricity and Ceiling Fan
 - d. KFC Burger and McDonald Burger
- (B)** Compare the pricing between India and other European Countries, and analyze Which system is better to make the economy more competitive internationally? (07)

OR

- Q.5 (A)** Explain the equilibrium of a firm under perfect competition in short run? **(07)**
- (B)** Compare and analyze the pricing system between India, Japan and Sri Lanka. **(07)**
