

GUJARAT TECHNOLOGICAL UNIVERSITY
MAM - SEMESTER- IV • EXAMINATION – SUMMER • 2014

Subject Code: 4140503**Date: 21-06-2014****Subject Name: Micro Economics****Time: 10:30 am – 01:30 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 discuss its scope. **07**
 (b) Explain the derivation of long run average cost curve from short run average cost curves with the help of a diagram. **07**
- Q.2** (a) Explain how the market mechanism solves basic problems of an economy. **07**
 (b) Distinguish between microeconomics and macroeconomics. **07**
- OR**
- (b) Write a note on circular flow of income in a closed economy. **07**
- Q.3** (a) Define supply. Briefly examine the law of supply. **07**
 (b) Explain the relationship between average revenue and marginal revenue under conditions of fixed price and changing price. **07**
- OR**
- Q.3** (a) Write a short note on cross elasticity of demand. **07**
 (b) Discuss any five factors affecting supply of a commodity. **07**
- Q.4** (a) With the help of diagrams explain the concepts of fixed cost and variable cost. **07**
 (b) Discuss any four internal economies of scale. **07**
- OR**
- Q.4** (a) With the help of a diagram explain the relationship between average cost and marginal cost. **07**
 (b) Discuss any three external economies of scale. **07**
- Q.5** (a) Examine various features of perfect competition. **07**
 (b) Explain short run equilibrium of a firm under perfect competition. **07**
- OR**
- Q.5** (a) Explain the long run equilibrium of a firm under perfect competition. **07**
 (b) Examine pricing scenario in India since liberalization with special reference to mobile telephonic services. **07**
