

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MAM - SEMESTER-IV • EXAMINATION – SUMMER • 2015

Subject Code: 4140503

Date: 11-05-2015

Subject Name: Micro Economics

Time: 10:30 a.m-1:30p.m

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 are the basic problems of an economy and explain how these problems are solved in a free enterprise economy. 07
- (b) Explain with examples the use of managerial economics in decision making process. 07
- Q.2 (a) Explain the relationship between total revenue, average revenue, marginal revenue and price elasticity of demand with the help of diagram. 07
- (b) Explain the circular flow of income and expenditure in a three sector closed economy 07
- OR
- (b) Explain with examples the factors affecting price elasticity of demand 07
- Q.3 (a) Describe the law of supply and explain the factors affecting supply 07
- (b) Explain short run cost-output relationship with suitable table and diagram 07
- OR
- (a) Long run average cost curve is also known as 'Envelope Curve'. Elaborate the statement with suitable diagram. 07
- (b) Explain internal economies and diseconomies of scale 07
- Q.4 (a) Explain the short-run price-output determination of a firm and industry under perfect Competition 07
- (b) Explain external economies and diseconomies of scale 07
- OR
- (a) Explain the long-run price-output determination of a firm and industry under perfect Competition 07
- (b) The seller is a 'Price Taker' in a perfect competitive market. Explain 07
- Q.5 (a) Explain how the liberalization and globalization policies affected the pricing scenario of computers in India 07
- (b) Macro economics is a study of 'Aggregates'. Elaborate. How it differ from micro economics 07
- OR
- (a) Explain briefly price, income and cross elasticity of demand. Write formula to calculate the above three types. 07
- (b) Explain briefly the following : 07
1. Accounting cost and economic cost
 2. Point elasticity and arc elasticity
