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. Define business economics and explain its nature and scope. 07 0.1Write a detail note on circular flow diagram with suitable example. **07 (b) Q.2** What is price elasticity of demand? As a business manager, how do you find the **07** (a) demand elasticity to be useful? What is the law of demand? Explain with the help of demand schedule and **(b) 07** demand curve. What are the exceptions to the law of demand? OR **(b)** Distinguish between: 07 (i) Demand Function and Demand Schedule (ii) Demand for Normal Goods and Demand for Inferior Goods **Q.3** Distinguish between the following: 07 (a) (i) Marginal Cost and Incremental Cost (ii) Accounting Cost and Economic Cost What is opportunity cost? Give some examples of opportunity cost. How are 07 these costs relevant for managerial decisions? Explain the relationship between marginal cost, average cost and total cost in a Q.3 **07** short-run. How will you define economies of scale? What are the sources of internal and **(b)** 07 external economies? 0.4 Why a firm under perfect competition a price-taker and not a price-maker? **07** (a) **(b)** What will happen to the demand curve of a perfectly competitive firm if: **07** (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? Taking a real life example, discuss the features of the perfect competition. **07** 0.4 (a) Define and distinguish between: (i) Price elasticity and Cross Elasticity (ii) 07 **(b)** Income Elasticity and Price Elasticity What is the pricing scenario in India since economic reforms of 1991 with Q.5 07 (a) reference to computers and electronics? Analyse the relationship of business economics with (i) Micro and Macro **(b)** 07

Q.5 (a) Describe the pricing scenario in European country like Germany and France. 07

Economics (ii) Accountancy and Management

(b) Write a note on liberalization measures in India and its impact on various 07 industries after 1991.

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