

**GUJARAT TECHNOLOGICAL UNIVERSITY****MAM - SEMESTER-IV • EXAMINATION-WINTER • 2014****Subject Code: 4140503****Date: 27/11/2014****Subject Name: Micro Economics****Time: 10:30am-1:30pm****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) Differentiate between Micro and Macro Economics. **07**

- Q.2** (a) Explain the circular Flow of income and expenditure with the help of a flow chart. **07**  
 (b) Define price elasticity of demand and explain the five types of elasticity of demand with suitable diagrams. **07**

**OR**

- (b) Define Total revenue, Average Revenue, Marginal Revenue and explain the relationship between Average revenue and Marginal revenue. **07**

- Q.3** (a) Explain the Law of Supply with the help of suitable diagram. **07**  
 (b) What is perfect Competition and explain the equilibrium of a firm under perfect competition in short run? **07**

**OR**

- Q.3** (a) Examine the cost-output relationship in the short run with the help of diagram. **07**  
 (b) Elucidate the internal and external economies and dis-economies of scale. **07**

- Q.4** (a) Explain the factors affecting demand with suitable examples. **07**  
 (b) What are the basic economic problems of society? How can the problems be solved with the help of market forces? **07**

**OR**

- Q.4** (a) Explain income elasticity of demand with diagrams. What does negative income elasticity indicate? **07**  
 (b) Differentiate between Accounting and Economic cost. **07**

- Q.5** (a) What is the pricing scenario in India since economic reforms of 1991 with reference to computers and electronics? **07**  
 (b) Why is cross elasticity of demand measured? Explain types of cross elasticity with diagrams? **07**

**OR**

- Q.5** (a) Describe the pricing scenario in European country like Germany and France. **07**  
 (b) Compare the pricing between India and Japan. Which system is better to make the economy more competitive internationally? **07**

\*\*\*\*\*