Seat No.: ________ Enrolment No.____________

GUJARAT TECHNOLOGICAL UNIVERSITY

M.B.A -Ist SEMESTER–EXAMINATION –JUNE- 2012

Subject code: 2810002 **Date: 08/06/2012**

Subject Name: Economics for Manager (EFM)

Time: 02:30 pm – 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.**

Q.1	**(a)**	Explain the shift in the demand curve. List and explain the most important variables that can shift the demand curve.	**07**
	(b)	Explain, what competitive firm is and under what conditions will a firm shutdown temporarily?	**07**
Q.2	**(a)**	Draw the Circular Flow diagram and Explain why an economy's income must equal to its expenditure	**07**
	(b)	Explain the reason why aggregate demand curve is downward slopping.	**07**
		OR	
	(b)	What is "Natural" about the natural rate of unemployment? Why might the natural rate of unemployment differ across countries?	**07**
Q.3	**(a)**	Define & explain the income elasticity of demand and the cross price elasticity of demand with suitable example.	**07**
	(b)	What is monopoly? Why monopolies arise?	**07**
		OR	
Q.3	**(a)**	What is CPI? List the steps involved in calculation of CPI. Briefly explain the three problems in measuring the cost of living.	**07**
	(b)	How change in Govt. purchases influences the aggregate demand of loanable funds.	**07**
Q.4	**(a)**	How and why does a firm's average-total-cost curve differ in the short run and in the long run? Explain economies of scale and diseconomies of scale.	**07**
	(b)	Define Duopoly and explain collusion and cartel. How and size of an oligopoly affects market outcome	**07**
		OR	
Q.4	**(a)**	Why productivity is so important? List and describe the determinants of productivity	**07**
	(b)	How the Phillips curve is related to the model of aggregate demand and aggregate supply	**07**
Q.5	**(a)**	Draw the Marginal Cost and Average Total Cost Curves for a typical firm. Explain why the curves have the shapes that they do and why they cross where they do.	**07**
	(b)	Differentiate: Monopolistic Competition and Perfect Competition	**07**
		OR	
Q.5	**(a)**	Answer the following	
		1. Explain three key facts about economic fluctuation	**03**
		2. Explain The Sticky Price Theory & The Sticky-Wage Theory	**04**
	(b)	Explain the following concept	
		1. Purchasing Power Parity	**03**
		2. Real Exchange Rate & Nominal Exchange Rate	**04**

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