

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY**M.B.A -Ist SEMESTER-EXAMINATION –JUNE- 2012****Subject code: 810002****Date: 08/06/2012****Subject Name: Economics for Managers (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.

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| Q. 1 A | Wholesale Price Index (WPI) is not a perfect measure of cost of living. – Discuss. | 07 |
| Q. 1 B | The study of economics has many facets and the field is unified by several central ideas regarding decision making of peoples, their interaction and the working of economy as a whole- Explain. | 07 |
| Q. 2 A | Describe the economic logic behind purchasing power parity theory. | 07 |
| Q.2 B | Why aggregate supply curve slopes upward in short run? Explain. | 07 |
| | OR | |
| Q.2 B | If a German car costs 500000 Euro, a similar Indian (Home Country) car costs Rs. 10000, and a rupee can buy 100 Euro, what is the nominal and real exchange rate? | 07 |
| Q.3 A | Distinguish between demand function and demand curve. | 07 |
| Q. 3 B | If price of Navy Submarine rises, is the CPI or GDP deflator affected more? Why? | 07 |
| | OR | |
| Q. 3 A | How fiscal policy influences aggregate demand? | 07 |
| Q. 3 B | What are the variables that can shift the demand curve? Discuss. | 07 |
| Q. 4 A | What is price elasticity of demand? Explain in detail. | 07 |
| Q. 4 B | Ink Pens and pencils are substitutes. When the price of an ink pen falls, what happens to the supply, demand, quantity supplied, quantity demanded, and price in the market for pencils. | 07 |
| | OR | |
| Q. 4 A | Should Tax laws be reformed to encourage the savings? Give reasons. | 07 |
| Q. 4 B | What gives the government the power to regulate mergers between firms? From the standpoint of the welfare of society, give pros and cons that two firms might want to merge. | 07 |
| Q. 5 A | Explain economies and diseconomies of scale and explain why they might arise. | 07 |
| Q. 5 B | Why do competitive firms stay in business if they make zero economic profit? Discuss. | 07 |
| | OR | |
| Q. 5 A | Why might the short run aggregate demand curve shift? | 07 |
| Q. 5 B | What are the controversies over the Antitrust Policy? Discuss. | 07 |
