Seat No.: ________ Enrolment No.______________

GUJARAT TECHNOLOGICAL UNIVERSITY

SEMESTER– 1 EXAMINATION – WINTER 2012

Subject code: 810002 **Date: 04/01/2013**

Subject Name: Economics for managers

Time:14:30 – 17:30 **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 three main reasons for monopoly.	**07**
	(b)	What do you understand with prisoner's dilemma? How can you relate it to oligopoly market.	**07**
Q.2	**(a)**	Draw the long run trade –off between inflation and unemployment. Explain how short run and long run trade off are interrelated	**07**
	(b)	Explain how consumer price index is calculated. Describe the difference between the GDP deflator and CPI.	**07**
		OR	
	(b)	Simply draw the table and graph with statistics indicating TFC, TVC, AFC, AVC, ATC Total cost and Quantity of production.	**07**
Q.3	**(a)**	Explain what competitive firm is and under what circumstances will a firm exit a market?	**07**
	(b)	Differentiate between Income effect and substitution effect caused by change in price of a commodity?	**07**
		OR	
Q.3	**(a)**	Explain the determinants of demand?	**07**
	(b)	Write a detail note on production possibilities frontier.	**07**
Q.4	**(a)**	Explain the components of GDP. Give one example of each	**07**
	(b)	Explain the economic logic behind purchasing power parity	**07**
		OR	
Q.4	**(a)**	List and explain the three theories for why the short run aggregate supply curve is upward sloping	**07**
	(b)	Discuss the determinants of productivity.	**07**
Q.5	**(a)**	Write a short note on: 1. Stagflation 2. Catch-up effect	**07**
	(b)	What is liquidity preference? How does it helps to explain downward slope of demand curve.	**07**
		OR	
Q.5	**(a)**	What are cost of inflation? Which of these costs do you think are most important for capitalist economy?	**07**
	(b)	Is Zero inflation advisable in a country like India? Justify your answer	**07**

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