

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY

MAM - SEMESTER-III • EXAMINATION – SUMMER • 2014

Subject Code: 4130501

Date: 18-06-2014

Subject Name: Managerial Economics

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 why demand curve slope downwards while supply curve slopes upwards. Mention the exceptions. **07**
- (b) Why is knowledge of Managerial Economics necessary for business managers in discharging their managerial functions successfully? Explain with the help of an example. **07**
- Q.2** (a) Explain the cost-output relationship in the Short-run and Long-run. **07**
- (b) How the prices of a product determined in a perfectly competitive market. Illustrate & explain how firms under perfect competition find their equilibrium? **07**

OR

- (b) What are returns to scales, factors of return to scale? **07**
- Q.3** (a) Giving suitable examples, explain difference between 'Monopoly' and 'Monopolistic Competition.' **07**
- (b) 'Inflation is a monetary phenomenon which occurs when the volume of money in circulation increases faster than the volume of goods and services'. Explain the statement. What are the general measures that are taken by a country to control inflation? **07**

OR

- Q.3** (a) 'Macro-economics helps in understanding the economic environment in which an individual business unit works'. Explain this statement, pointing out the nature and scope of the Macro-economies. **07**
- (b) What is 'Elasticity of Demand'? Graphically explain what a 'Perfectly Elastic' and 'Perfectly Inelastic' demand is. **07**
- Q.4** (a) Describe the impact of population growth on the economy. **07**
- (b) Explain briefly the Keynes's Liquidity Preference theory. **07**

OR

- Q.4** (a) What are the principles of Indifference Curve? How does the indifference curve and budget line help to decide to consumer equilibrium? **07**
- (b) Economics was a science of wealth: it is now a science of Welfare. Discuss. **07**
- Q.5** (a) Evaluate the role of RBI in the development of agricultural sector. **07**
- (b) Discuss the nature of the short run and long run average cost curves. **07**

OR

- Q.5** (a) Money is what money does-Discuss. **07**
- (b) Discuss the types, causes and incidence of unemployment. **07**
