

GUJARAT TECHNOLOGICAL UNIVERSITY**MAM - SEMESTER-III • EXAMINATION – WINTER 2013****Subject Code: 4130501****Date: 17-12-2013****Subject Name: Managerial Economics****Time: 02:30pm – 05:30pm****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 the Managerial Economics. 'Managerial economics is prescriptive rather than descriptive'-Explain the statement and scope of managerial economics **07**
- (b) Draw a Production possibility curve for an economy that faces scarcity of resources and have to allocate its resources between 'Guns and Butter'. **07**
- Q.2** (a) Describe consumer's equilibrium with the help of Law of Equi-marginal utility. **07**
- (b) Explain the five types of elasticity of demand with the help of suitable example and graphs **07**
- OR**
- (b) What is an indifference curve? Explain the characteristics of indifference curves. **07**
- Q.3** (a) Explain the Law of variable proportions with a suitable diagram and state its assumptions. **07**
- (b) Elucidate the cost-output relationship in the short-run with suitable diagrams **07**
- OR**
- Q.3** (a) Describe the relationship between Average revenue and Marginal revenue and elasticity with suitable graph. **07**
- (b) Explain the optimum factor combination with the help of iso-quant and iso-cost lines. **07**
- Q.4** (a) Explain price determination and equilibrium of a firm under perfect competition. **07**
- (b) 'Banks create credit'-Elucidate the statement with a suitable example. **07**
- OR**
- Q.4** (a) Define money and explain the functions of money in detail. **07**
- (b) Examine The Quantity Theory of Money and point out its main limitations **07**
- Q.5** (a) What are the causes of low agricultural productivity in India? List out **07**
- (b) Health and Education are two important measures of social infrastructure-what steps have been taken by the Indian government for its development. **07**
- OR**
- Q.5** (a) What are the implications of overpopulation on Indian economy? **07**
- (b) Evaluate the New Industrial Policy 1991 and its influence on Indian economy in the post-reform period. **07**
