

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA - SEMESTER-I • EXAMINATION – SUMMER • 2015****Subject Code: 810002****Date: 06-06-2015****Subject Name: Economics for Managers (EFM)****Time: 14.30 pm - 17.30 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 how the Consumer's Price is calculated? Describe the difference between the Gross Domestic Product Deflator and the Consumer's Price Index. **07**

(b) Discuss the concept and stages of production function with the help of suitable examples. **07**

Q.2 (a) How price and output are determined under Monopolistic Competition in the short-run and long-run period? **07**

(b) Define Per Capita Income. How is it calculated? Discuss the causes of low Per Capita Income in India. **07**

OR

(b) 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**

Q.3 (a) Dennis juice corner has the following cost schedules: **07**

Quantity	Variable Cost (in Rs.)	Total Cost (in Rs.)
0	0	30
1	10	40
2	25	55
3	45	75
4	70	100
5	100	130
6	135	165

Calculate AVC, ATC and MC for each quantity. Graph all three curves. What is the relationship between the average total cost curve and the marginal cost curve?

(b) Define and explain the elasticity of price demand. Discuss the five degrees of elasticity of price demand. **07**

OR

- Q.3** (a) Explain the law of demand. What are its exceptions? **07**
- (b) Explain the short-run trade off between inflation and unemployment. **07**
- Q.4** (a) Why productivity is so important? Discuss the factors affecting productivity. **07**
- (b) What is the Theory of liquidity preference? How does it help and explain the downward slopes of the aggregate demand curve? **07**

OR

- Q.4** (a) How fiscal policy influences aggregate demand? **07**
- (b) Why does aggregate supply curve slopes upward in short-run period? Explain. **07**
- Q.5** (a) Explain any four principles of economics. **07**
- (b) Explain the following concept: **07**
- (i) Purchasing Power Parity Theory.
- (ii) Real Exchange Rate and Nominal Exchange Rate.

OR

- Q.5** (a) Define National Income. Explain the importance of National Income Analysis. **07**
- (b) Explain the following concept: **07**
- (i) Money Growth and Inflation.
- (ii) Personal Income and Disposable Income.
