Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MTM - SEMESTER–V • EXAMINATION – SUMMER • 2015

Subject Code: 4250101 **Date: 19-06-2015**

Subject Name: Engineering 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)**	Discuss the differences between Microeconomics and Macroeconomics.	**07**
	(b)	'Managerial Economics can be applied by a firm in making business decisions'. Discuss the statement giving an overview of how firms can apply managerial economics in making such decisions.	**07**
Q.2	**(a)**	What are the demand schedule and the demand curve? What causes shifts in demand curve?	**07**
	(b)	Define law of supply. What determines the quantity of a good that sellers supply?	**07**
		OR	
	(b)	Define the equilibrium of a market. Describe the forces that move a market towards its equilibrium.	**07**
Q.3	**(a)**	Write note on the following: (3.5 marks each) (i) Rising Marginal Cost (ii) The cost of capital as an opportunity cost.	**07**
	(b)	Analyze the break-even point when revenue and cost functions are linear with the help of a diagram.	**07**
		OR	
Q.3	**(a)**	Draw the MC, ATC, AVC and AFC curves for a typical firm. Explain for each why the curves have the shapes that they possess.	**07**
	(b)	Discuss the internal and external economies of scale.	**07**
Q.4	**(a)**	Discuss the four types of market structures briefly, with two examples of each market type.	**07**
	(b)	Why does oligopoly market situation arise? Discuss the major characteristics of oligopoly.	**07**
		OR	
Q.4	**(a)**	Compare and contrast perfect competition and monopolistic competition.	**07**
	(b)	What is monopoly? Discuss in detail why monopolies can arise.	**07**
Q.5	**(a)**	Discuss in detail the main functions of a country's central bank.	**07**
	(b)	What is inflation? Discuss the causes for inflation in India.	**07**
		OR	
Q.5	**(a)**	Discuss the major quantitative measures of monetary policy viz. SLR, Repo etc.	**07**
	(b)	Compare and contrast GDP and GNP.	**07**

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