

**POST GRADUATE DIPLOMA IN GLOBAL
BUSINESS LEADERSHIP (PGDGBL)**

Term-End Examination

June, 2012

**MGB-006 : ECONOMIC FRAMEWORK FOR
BUSINESS DECISIONS**

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All questions carry equal marks.

1. How do short-run and long-run analysis of economic problems differ ? 20

2. Economists are concerned with logical reasoning, while businessmen are concerned with practical operations. How should a business economist resolve such conflicts ? 20

3. Do you agree that demand for residential constructions is elastic with relation to interest rates on loans ? How can the presence or absence of such elasticity be used by construction companies in today's scenario of fluctuating interest rates ? 20

4. Compare the market environment of monopolistic competition with that of perfect competition, quoting real world business examples. 20
5. In line with Keynes' General Theory, explain how increase in effective demand will lead to an increase in income - employment output and vice-versa. 20
6. 'Statistics on unemployment are among the most carefully designed and comprehensive data collected'. 20
- (a) What is the importance of estimating unemployment ?
- (b) Briefly describe how unemployment is estimated in your country.
7. Explain : 20
- (a) Absolute and Relative Purchasing Power Parity.
- (b) Covered Interest Parity.
8. Some phases of business cycles emerge from the demand side, while others arise from supply shocks. Differentiate between the two, giving examples of each. 20