Seat No.: _____   Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 1 – EXAMINATION – WINTER 2018

Subject Code:4519202   **Date: 26/12/2018**
Subject Name: Economics for Managers
Time:10:30AM To 01:30 PM   **Total Marks: 70**
Instructions:
    1. **Attempt all questions.**
    2. **Make suitable assumptions wherever necessary.**
    3. **Figures to the right indicate full marks.**

Q. No.			Marks
Q.1		Define the following terms.	**14**
		(a) Equity	
		(b) Equilibrium	
		(c) Philip Curve	
		(d) Nominal Interest rate	
		(e) Supply	
		(f) Trade-off	
		(g) Opportunity cost	
Q.2	**(a)**	What is monopolistic competition. Explain difference between monopoly and monopolistic competition.	**07**
	(b)	List ten principles of economics. Explain in detail how people make their business decisions.	**07**
		OR	
	(b)	What is law of Demand? Explain factors which shift the demand curve.	**07**
Q.3	**(a)**	What is Oligopoly. Explain prisoners' dilemma in Oligopoly.	**07**
	(b)	Explain how Monetary policy and Fiscal policy influences aggregate demand curve. Explain government purchase leads to Multiplier effect and crowding out effect.	**07**
		OR	
Q.3	**(a)**	What is GDP? Explain component of GDP.	**07**
	(b)	For each of the following, say whether it describes a perfect competitive firm, a monopolistically competitive firm, both or neither.	**07**

        1. It Charges price equal to marginal cost.
        2. It has marginal revenue equal to price.
        3. The firm faces barriers to entry
        4. It produces a product that is identical to that of its competitors.
        5. This firm earns zero economic profit in long run.
        6. Firms is the only seller in market.

		Assume following are the data of Agriculture industry of India			

Q.4

Year	Price of Wheat	Quantity of Wheat	Price of Rice	Quantity of Rice
2014	Rs.50	1,000 Kgs	Rs.40	800 Kgs
2015	Rs.55	1,500 Kgs	Rs.44	1100 Kgs
2016	Rs.60	2,000 Kgs	Rs.50	1500 Kgs

(a) Calculate Nominal GDP, Real GDP, GDP Deflator. **07**

(b) Calculate percentage change in Nominal & real GDP. In which year Indian agriculture sector doing well? **07**

OR

Q.4 (a) What is Elasticity. Explain five cases of price Elasticity **07**

(b) Define Cost of Living Index. Explain the steps in the calculation of Cost of Living Index. State the problems involved in its calculation. **07**

Q.5 **CASE STUDY:**

Suppose that College students (With Job) and College students (without-Job) have the following demand for Movie tickets in Multiplex theatre.

Price	Demand movie ticket (having JOB)	Demand movie ticket (Without JOB)
Rs.350	3000	1800
Rs.300	3200	2100
Rs.250	3500	2500
Rs.200	4000	3000
RS.100	5100	3800

(a) Calculate the price elasticity of demand when price rises from Rs.250 to Rs.300 for college students **having JOB using mid-point method.** **07**

(b) Calculate the price elasticity of demand when price rises from Rs.250 to Rs.300 for college students **Without having JOB using mid-point method.**
Interpret the answer **07**

OR

Q.5 (a) Calculate the price elasticity of demand when price rises from Rs.300 to Rs.350 for college students **having JOB using mid-point method.** **07**

(b) Calculate the price elasticity of demand when price rises from Rs.300 to Rs.350 for college students **Without having JOB using mid-point method.**
Interpret the answer **07**

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