

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA (PART TIME) – SEMESTER 1 – EXAMINATION – WINTER 2018**

**Subject Code:4519905****Date:26/12/2018****Subject Name: Economics for Managers****Time:10:30 AM 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.	Question Text and Description	Marks
Q.1	Explain the terms (a) Demand (b) Supply (c) Opportunity cost (d) Fiat money (e) Inflation (f) Equilibrium (g) Elasticity	14
Q.2	(a) The study of economics has many facets and the field is unified by several central ideas regarding decision making of peoples, their interaction and the working of economy as a whole- Explain. (b) Draw the circular flow diagram and explain why an economy's income must equal to its expenditure.	07 07
<b>OR</b>		
	(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.3	(a) What is GDP? What are the four components of GDP. (b) What is monopoly? List down reasons behind monopoly.	07 07
<b>OR</b>		
Q.3	(a) List and describe four determinants of productivity (b) Define economies of scale and explain why they might arise. Define diseconomies of scale and explain why they might arise.	07 07

**CASE STUDY**

**Q.4**

Following is the data of Aakash Brass Ltd which is combination of labor intensive and capital intensive company producing product X. From the following data of output company produces and total variable cost associated with it. Currently company is incurring fixed cost of Rs.500

Output	Total Variable cost
10	800
20	1000
30	1250
40	1600
50	1800
60	2100

- (a) Calculate total cost, Average cost (AFC, AVC and ATC) **07**
- (b) Calculate Marginal Cost and interpret the answer. **07**

**OR**

- (a) Aakash Brass Ltd., has shifted from combination of labor and capital intensive to Capital intensive company, which increases the cost of producing product to Rs.760 as fixed cost. By taking this cost, calculate total cost, Average cost (AFC, AVC and ATC) **07**
- (b) Calculate Marginal cost and interpret the answer. **07**

**Q.5**

**CASE STUDY:**

Below are some data from country of Spottsville:

Year	Price of football	Quantity of football	Price of basket ball	Quantity of basket ball
2006	\$10	200	\$8	75
2007	\$14	200	\$10	75
2008	\$14	350	\$10	125

- (a) calculate Nominal GDP, Real GFP and GDP deflator for each year using 2006 as base year **07**
- (b) Calculate percentage change in Nominal GDP, Real GDP and GDP deflator. **07**

**OR**

**Q.5**

- (a) If price of football in 2006 is \$ 12, and price of basketball in 2006 is \$9, then calculate Nominal GDP, Real GFP and GDP deflator for each year using 2006 as base year **07**
- (b) Calculate percentage change in Nominal GDP, Real GDP and GDP deflator. **07**

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