

Seat No.: \_\_\_\_\_

Enrolment No. \_\_\_\_\_

**GUJARAT TECHNOLOGICAL UNIVERSITY****M.B.A -I<sup>st</sup> SEMESTER-EXAMINATION -JUNE- 2012****Subject code: 810002****Date: 08/06/2012****Subject Name: Economics for Managers (EFM)****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	Wholesale Price Index (WPI) is not a perfect measure of cost of living. – Discuss.	07
Q. 1 B	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.	07
Q. 2 A	Describe the economic logic behind purchasing power parity theory.	07
Q.2 B	Why aggregate supply curve slopes upward in short run? Explain.	07
	OR	
Q.2 B	If a German car costs 500000 Euro, a similar Indian (Home Country) car costs Rs. 10000, and a rupee can buy 100 Euro, what is the nominal and real exchange rate?	07
Q.3 A	Distinguish between demand function and demand curve.	07
Q. 3 B	If price of Navy Submarine rises, is the CPI or GDP deflator affected more? Why?	07
	OR	
Q. 3 A	How fiscal policy influences aggregate demand?	07
Q. 3 B	What are the variables that can shift the demand curve? Discuss.	07
Q. 4 A	What is price elasticity of demand? Explain in detail.	07
Q. 4 B	Ink Pens and pencils are substitutes. When the price of an ink pen falls, what happens to the supply, demand, quantity supplied, quantity demanded, and price in the market for pencils.	07
	OR	
Q. 4 A	Should Tax laws be reformed to encourage the savings? Give reasons.	07
Q. 4 B	What gives the government the power to regulate mergers between firms? From the standpoint of the welfare of society, give pros and cons that two firms might want to merge.	07
Q. 5 A	Explain economies and diseconomies of scale and explain why they might arise.	07
Q. 5 B	Why do competitive firms stay in business if they make zero economic profit? Discuss.	07
	OR	
Q. 5 A	Why might the short run aggregate demand curve shift?	07
Q. 5 B	What are the controversies over the Antitrust Policy? Discuss.	07

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**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA Semester –I Examination Dec'11- Jan'12**

**Subject code: 810002**

**Date: 28/12/2011**

**Subject Name: Economics for Managers (EFM)**

**Time: 10.30 am – 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. 1 (a) A demands Schedule for pens of student at ABC school is presented in the following table: 7

Price Rs.	6	5	4	3	2	1	0
Qx	0	20	40	60	80	100	120

Find out the price elasticity of demand when the price changes from

(i) Rs. 5/- to Rs. 3/- and (ii) Rs. 3/- to Rs. 5/-

Q. 1 (b) Explain the concept of price discrimination. Why a seller chooses to follow this business strategy? 7

Give two examples of price discrimination.

Q. 2 (a) Draw a consumers indifference curves for Pepsi and Pizza. Describe and explain four properties of this indifference curve. 7

Q. 2 (b) Describe the four components of GDP. Give an example of each. 7

**OR**

Q.2 (b) What is resale price maintenance and why is it controversial? 7

Q. 3 (a) John's own a painting company with fixed of \$200 and the following schedule for variable costs. 7

Quantity of Houses	1	2	3	4	5	6	7
Painted per month	10	20	40	80	160	320	640

Calculate average fixed cost, average variable cost and average total cost for each Quantity.

Q. 3 (b) Explain with diagram price determination under perfect competition, if a competitive firm is in short run equilibrium. 7

**OR**

Q. 3 (a) What is the Prisoner's Dilemma and what does it have to do with Oligopoly. 7

Q. 3 (b) Explain the relationship among saving, investment and net-capital outflow. 7

Q.4 (a) Explain why the long – run aggregate supply curve is vertical? 7

Q. 4 (b) Explain how does population growth affects a society. 7

**OR**

Q.4 (a) What is the role of the financial system? Name and describe two markets that are part of the financial system in the US economy. 7

Q.4 (b) Write a short note on the Crowding –out effect. 7

Q. 5 (a) Define money. Discuss the role of money in a modern capitalist economy. 7

Q. 5 (b) Write a note on the Volcker Disinflation. 7

**OR**

Q. 5 (a) Write your comments on “Should fiscal policymakers reduce the govt. debt”. 7

Q.5 (b) Define consumers surplus and producer surplus. Write a note on its utility for business decisions. 7

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**GUJARAT TECHNOLOGICAL UNIVERSITY**M. B. A. 1<sup>ST</sup> Semester Remedial Examination –July- 2011**Subject code: 810002****Subject Name: Economics For Managers****Date:07/07/2011****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)** The cost of producing DVD players has fallen over the past several years. Let's consider some implications of this fact. **07**
- i. Draw a supply-and-demand diagram to show the effect of falling production costs on the price and quantity of DVD players sold.
  - ii. In your diagram, show what happens to consumer surplus and producer surplus.
  - iii. Suppose the supply of DVD players is very elastic. Who benefits most from falling production costs?
- (b)** Several studies have found that the overall demand for automobiles has an elasticity of about 1.3 **07**
- i. How do you interpret this coefficient?
  - ii. After knowing about these results, a Ford dealer in Ahmedabad cut his price by 10 percent and sold 22 percent more cars. What is the elasticity of demand in this case? Does this mean the estimate of 1.3 is incorrect? Explain.
- Q.2 (a)** Explain the circular flow of income model. Identify the parts of the model that correspond to the flow of goods and services and flow of money for each of the following activities. **07**
- i. Leena buys onion for Rs. 10.
  - ii. Mr. Sameer is paid Rs. 2000 as an honorarium for delivering a guest lecture at an MBA institute.
  - iii. Prerna pays Rs.100 at Fun Republic to watch a movie.
- (b)** What are the determinants of an individual demand and an individual's supply of a commodity? **07**
- OR**
- (b)** Define total cost, average total cost and, and marginal cost. How are they related? **07**
- Q.3 (a)** What is prisoner's dilemma and what does it have to do with Oligopoly? **07**
- (b)** Explain how the higher rate of savings, investment and policy of open economy influence the GDP growth? **07**
- OR**
- Q.3 (a)** Under what conditions a competitive firm shuts down temporarily and exits permanently? Explain with help of a diagram. **07**
- (b)** Describe the four components of GDP, giving example of each. **07**

- Q.4 (a)** Explain the following concepts: **07**  
i. Stagflation  
ii. Catch-up effect
- (b)** Explain the difference between nominal and real variables and give two example of each. According to the principle of monetary neutrality, which variables are affected by changes in the quantity of money? **07**
- OR**
- Q.4 (a)** Explain the following concepts: **07**  
i. Crowding out  
ii. Inflation Tax
- (b)** Describe the economic logic behind the theory of purchasing – power parity. **07**
- Q.5 (a)** Explain the short run trade-off between inflation and unemployment. **07**
- (b)** What is government budget deficit? How does it affect interest rate, investment and economic growth? **07**
- OR**
- Q.5 (a)** Why are some economists against a target of zero inflation? **07**
- (b)** Explain the three theories in brief for the upward sloping aggregate supply curve. **07**

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**GUJARAT TECHNOLOGICAL UNIVERSITY**

MBA. Sem-I Regular / Evening Examination January/ February 2011

**Subject code:810002****Subject Name: Economics For Manager****Date: 31 /01 /2011****Time: 10.30 am – 01.00 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) Draw a circular-flow diagram representing the interactions between households and firms in a simple economy. Explain briefly the various parts of the diagram. **07**
- (b) Use a graph to demonstrate the circumstances that would prevail in a competitive market where firms are earning economic profits. Can this scenario be maintained in the long run? Carefully explain your answer **07**
- Q.2** (a) What is the difference between a "change in demand" and a "change in quantity demanded"? Graph your answer. Also Explain what factor/s will cause "change in demand" and what factor/s will cause "change in quantity demanded" **07**
- (b) Explain the three main reasons responsible for monopoly. **07**
- OR**
- (b) Explain price elasticity of demand and the income elasticity of demand. Also explain the determinants of the price elasticity of demand. **07**
- Q.3** (a) Explain the following terms for oligopoly market **07**
- (i) indeterminateness of demand curve
- (ii) interdependence of firms
- (b) What is income effect and substitution effect caused by a change in the price of a good? **07**
- OR**
- Q.3** (a) List out four components of GDP. Give an example of each. **07**
- (b) What are the problems in measuring the cost of living? **07**
- Q.4** (a) Why is productivity related to the standard of living? In your answer be sure to explain what productivity and standard of living mean. Describe determinants of productivity. **07**
- (b) How interest rate is determined? Explain the effect of following policy changes on market interest rate. **07**
- (i) saving incentives (ii) investment incentives
- OR**
- Q.4** (a) Explain the concept of multiple creation of deposits under fractional reserve system. **07**
- (b) According to the fisher effect, how does an increase in the inflation rate affect the real interest rate and the nominal interest rate? **07**
- Q.5** (a) Discuss why aggregate demand curve is downward sloping. **07**
- (b) Using Demand-and-supply diagrams show the effect of a fall in production of sugarcane on the price and quantity of sugar during the Diwali months (when demand for sugar increases). **07**
- OR**
- Q.5** (a) Use the theory of liquidity preference to explain how a decrease in the money supply affects the aggregate-demand curve **07**
- (b) Given the unpopularity of inflation, why doesn't the government always support efforts to reduce inflation? Many economists believe that countries can reduce the cost of disinflation by letting their central banks make decision about monetary policy without interference from politicians. Why might this be so? **07**

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