

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER 1 – EXAMINATION – SUMMER 2019**

**Subject Code: 2810002****Date: 16/05/2019****Subject Name: Economics for Managers****Time: 02:30 PM To 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) Attempt the following multiple choice questions****06**

- 1) Who control the banking sector in India?
  - a State bank of india
  - b Finance Minister
  - c Central bank
  - d RBI
- 2) Perfect Competition Means \_\_\_\_\_
  - a Many buyers & Many sellers
  - b Few buyers & few sellers
  - c Many buyers & few sellers
  - d None of them
- 3) Fixed Cost \_\_\_\_\_
  - a Changing
  - b Fluctuating
  - c Remain fix
  - d Varying
- 4) When Price increases , demand \_\_\_\_\_
  - a No change
  - b Downward sloping
  - c Decreases
  - d None of these
- 5) An Oligopoly market has \_\_\_\_\_
  - a One Seller many buyers
  - b Many sellers many buyers
  - c Few Sellers many buyers
  - d One Seller few buyers
- 6) GDP Means \_\_\_\_\_
  - a Gross Domestic Price
  - b Gross Domestic Performance
  - c Gross Domestic Product
  - d Gross Domestic Place

**Q.1 (b)** Do as directed.

1. What do you mean by Trade Off?
2. Why petrol Price is fluctuating?
3. Define Cross Elasticity of demand
4. Define the term Inflation

**04**

**Q.1 (c)** Explain the law of Equilibrium with example.

**Q.2 (a)** Differentiate Perfect competition & Monopoly Competition Market.

**(b)** Explain the role of Prisoners' Dilemma in understanding an Oligopoly market. What does the Nash's equilibrium indicate?

**OR**

**(b)** Explain the Price Elasticity of Demand with suitable chart.

**Q.3 (a)** Define the Term GDP. What are the components of GDP?

**(b)** What is CPI? What are the steps involved in calculating CPI.

**OR**

**Q.3 (a)** Explain the concept –People face Trade offs

**(b)** What are the features of firms in a competitive market? Under what conditions will the firms (1) Shut down temporarily and (2) Exit the market

**07**

**Q.4 (a)** Explain "Aggregate Supply's upward sloping curve"

**07**

**(b)** Explain the concept of CRR, REPO RATE & REVERSE REPO RATE

**07**

**OR**

**Q.4 (a)** Discuss the short run trade-off between inflation and unemployment using the Phillips curve.

**07**

**(b)** Give the difference between production & productivity

**07**

**Q5 (a)** Explain the functions of RBI in brief

**07**

**(b)** Explain the concept of Purchasing Power parity with suitable example

OR

**Q.5** Read the following Case and answer the questions given at the end 14

**Case study: Monopolies**

Many European governments are reluctant to allow online betting in an attempt to protect their national gambling businesses. A recent study found that seven countries out of the 27 in the European Union banned online gambling. Of the other 20 only 13 have opened their markets to competition; in the rest gambling is dominated by monopolies owned or licensed by the government. In the Netherlands, for example, residents can only place online bets with a state monopoly: De Lotto. The Ministry of Justice even warned banks in the country that they could be prosecuted if they transferred money to online gambling companies. Other countries have ordered online betting companies to block access to their sites. Their governments argue that this is to protect people from gambling excessively. However the revenue they gain from their own monopolies should not be ignored as a possible motive.

**Questions**

1. If governments believe that gambling is bad for their citizens then in economic terms how would you classify this service?
2. Why might governments want to protect their own monopolies in the gambling sector?
3. What might be the effect of greater competition in the gambling industry in these countries?

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