Seat No.: _____   Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER –I-EXAMINATION – WINTER-2023

Subject Code:1519602   **Date: 12-01-2024**
Subject Name: Economics for Manager
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.**
4. **Use of simple calculators and non-programmable scientific calculators are permitted.**

Q.1	Explain the following	**14**
	(a) Philips curve	
	(b) Law of Supply	
	(c) Collusion and Cartel	
	(d) Purchasing Power Parity	
	(e) Shut down and exit	
	(f) Price discrimination	
	(g) Productivity	

Q.2 (a) Construct a monthly demand schedule for ice-cream, and graph the implied demand **07**
curve. Identify the factors that would shift this demand curve and briefly explain
your reasoning.

(b) Why do we have markets? According to economists, what role should government play **07**
in markets?

OR

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

Q.3 (a) Explain the difference between monopolistic competition and perfect competition **07**

(b) Fill in the blanks in the following table: **07**

Output	Total Cost	Fixed Cost	Variable Cost	Average Fixed Cost	Average Variable Cost	Average Total Cost	Marginal Cost
100	260	-	60	-	-	-	-
200	-	-	-	-	-	-	0.3
300	-	-	-	-	0.5	-	-
400	-	-	-	-	-	1.05	-
500	-	-	360	-	-	-	-
600	-	-	-	-	-	-	3.00
700	-	-	-	-	1.60	-	-
800	2,040	-	-	-	-	-	-

Q.3 **(a)** What is the Prisoners Dilemma & what does it have to do with Oligopoly?   **07**

(b) What are the reasons that a market might have a monopoly? Explain how a   **07**
monopolist chooses the quantity of output to produce and the price to charge?

Q.4 **(a)** Discuss the reasons why the short-run Aggregate Supply curve is upward sloping?   **07**

(b) What is money? What are the functions of money? Suppose the central bank of a   **07**
country uses all of its policy tools to decrease the money supply, what would it do?

OR

Q.4 **(a)** Explain the role of financial system in an economy. Discuss the components of a   **07**
financial system.

(b) The government spends $4 billion to buy Aircrafts. Explain why aggregate demand   **07**
might increase by more or less than $4 billion.

Q.5 Suppose that your demand schedule for pizza is as follows:

Price In $	Qty demanded Income $ 20000	Qty demanded Income $ 24000
8	40	50
10	32	45
12	24	30
14	16	20
16	8	12

(a) Use the midpoint method to determine your price elasticity of demand as the price   **07**
of pizza increases from $8 to $10 if (i) your income is $20000 and (ii) your income
is $24000

(b) Determine your Income elasticity of demand as the income increases from $ 20000   **07**
to $ 24000 if (i) price is $12 (ii) price is $16

OR

Q.5 A Country Riverdale produces only two goods: Wafers and Noodles

Year	Price per Packet of Wafers	Quantity of Wafer Packets produced	Price per Packet of Noodles	Quantity of Noodle Packets produced
2020	Rs 10	120	Rs 12	200
2021	12	200	15	300
2022	14	180	18	275

(a) Compute nominal GDP, real GDP, and the GDP deflator for each year, using 2020   **07**
as the base year.

(b) Did the economic well being increase more in 2021 or 2022? Explain   **07**

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