

Enrollment No./Seat No.:

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA - SEMESTER - I EXAMINATION - SUMMER 2025**

**Subject Code: 4519202**

**Date: 31-05-2025**

**Subject Name: Economics for Manager**

**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.**
- 4. USE of SIMPLE calculators AND non-programmable scientific calculators are permitted.**

|                                                                                                                                                              | <b>Marks</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Q.1</b> All Questions are Compulsory.                                                                                                                     | <b>14</b>    |
| (a) Cartel                                                                                                                                                   |              |
| (b) Opportunity Cost                                                                                                                                         |              |
| (c) Price Discrimination                                                                                                                                     |              |
| (d) Stagflation                                                                                                                                              |              |
| (e) Multiplier effect                                                                                                                                        |              |
| (f) Purchasing Power Parity                                                                                                                                  |              |
| (g) Cross Price Elasticity of Demand                                                                                                                         |              |
| <b>Q.2 (a)</b> State and explain the law of demand and illustrate it with the help of a demand schedule and a demand curve.                                  | <b>07</b>    |
| (b) Discuss the principles concerning the working of an economy.                                                                                             | <b>07</b>    |
| <b>OR</b>                                                                                                                                                    |              |
| (b) Explain the circular flow of income model.                                                                                                               | <b>07</b>    |
| <b>Q.3 (a)</b> Describe the three attributes of monopolistic competition. How is monopolistic competition like monopoly? How is it like perfect competition? | <b>07</b>    |
| (b) Define total cost, average total cost and, and marginal cost. How are they related?                                                                      | <b>07</b>    |
| <b>OR</b>                                                                                                                                                    |              |
| (a) With the help of a diagram explain economies and diseconomies of scale and explain why they might arise?                                                 | <b>07</b>    |
| (b) Explain the main reasons responsible for monopoly                                                                                                        | <b>07</b>    |
| <b>Q.4 (a)</b> Explain the determinants of productivity                                                                                                      | <b>07</b>    |
| (b) Discuss the tools used by RBI to control the supply of money in the economy                                                                              | <b>07</b>    |

**OR**

- (a) Describe the three problems that make the consumers price index an imperfect measure of the cost of living. **07**
- (b) Explain the reasons for the downward slope of the aggregate demand curve? **07**

**Q.5** Below are some data for the country Sparta, which produces only two goods:

| Year | Price of Football | Quantity of Football | Price of Baseball | Quantity of Baseball |
|------|-------------------|----------------------|-------------------|----------------------|
| 2021 | \$10              | 200                  | \$8               | 75                   |
| 2022 | \$14              | 200                  | \$10              | 75                   |
| 2023 | \$14              | 350                  | \$10              | 125                  |

- (a) Calculate Nominal GDP, Real GDP & GDP Deflator for each year, using 2021 as a base year **07**
- (b) Compute the percentage change in Nominal GDP, Real GDP & GDP Deflator in 2022 and 2023 from the preceding year. Did economic well-being rise more in 2022 or 2023? Explain **07**

**OR**

- (a) Suppose that your Demand Schedule for T-Shirts is as follows: **07**

| Price in \$ | Qty demanded Income \$ 12000 | Qty demanded Income \$ 15000 |
|-------------|------------------------------|------------------------------|
| 5           | 20                           | 25                           |
| 8           | 16                           | 22                           |
| 11          | 12                           | 19                           |
| 14          | 8                            | 16                           |
| 17          | 4                            | 13                           |

Calculate Price elasticity of demand as the price of T-shirts increases from \$5 to \$8 if

(i) income is \$12000 (ii) income is \$15000

- (b) Calculate Income elasticity of demand as the income rises from \$12000 to \$15000 if **07**

(i) price is \$14 (ii) price is \$17

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