

Seat No. : _____

JC-103

January-2025

MBA-I, Sem.-I

Economics for Managers

Time : 2:30 Hours]

[Max. Marks : 70

Instruction : All questions carry equal marks.

1. Explain the following in brief : (Any **five**) **14**
- (1) Role of assumptions in economics.
 - (2) Production possibility frontier.
 - (3) Rational people think at the margin.
 - (4) Consumer's surplus with diagram.
 - (5) Components of GDP.
 - (6) Crowding out.
 - (7) Money Multiplier.
 - (8) Determinants of Productivity.
 - (9) Deadweight loss under monopoly.
 - (10) Purchasing Power Parity (PPP) theory of exchange rate determination.

2. Explain the following : **14**
- (a) Explain the shift and slope of demand curve.
 - (b) Find out equilibrium 'P' and 'Q' from the following equations and draw the diagram :
$$Q_d = 334 - 80P$$
$$Q_s = 4 + 2P$$

OR

2. Explain the following : (Any **two**) **14**
- (a) Explain the meaning of elasticity of demand and its determinants.
 - (b) How market is a Benevolent Social Planner (Market Efficiency) ? Explain with the help of diagram.
 - (c) Explain the long run AC with economies and diseconomies of scale.

(d) Consider the TC and TR in the following table :

Q	0	1	2	3	4	5	6	7
TC	8	9	10	11	13	19	27	37

- (i) Calculate profit for each 'Q'. How much should the firm produce to maximize profit ?
- (ii) Calculate MR and MC for each 'Q', graph them. At what 'Q' do these curves cross ?

3. Explain the following : (Any **two**) **14**

- (a) Explain short-run equilibrium under perfect competition.
- (b) Explain the meaning of natural monopoly and price determination under monopoly.
- (c) Explain the characteristics of monopolistic competition and long run equilibrium under monopolistic competition.
- (d) What is Nash equilibrium ? Explain prisoner's dilemma with example.

4. Answer the following : (Any **two**) **14**

- (a) Explain the meaning and measurement of GDP.
- (b) How do you form price index ? What are its limitations ?
- (c) Explain the diminishing return and catch-up effect.
- (d) Distinguish between money and real GDP and explain GDP deflator.

OR

4. Explain the following : (Any **two**) **14**

- (a) Explain with the help of diagram the saving and investment incentives and their effects on interest rate and quantity of fund in financial market.
- (b) Explain the meaning and functions of money.
- (c) Explain the cost of inflation.
- (d) Explain the distinction between nominal and real exchange rate.

5. Explain the following : **14**

- (a) Explain the model of Aggregate Demand and Aggregate Supply.
- (b) Explain the long-run Aggregate Supply Curve.

OR

5. (a) What is Philips Curve ? Explain the long-run Phillips Curve. **14**
- (b) Explain with the help of diagram the Aggregate Demand, Aggregate Supply and Phillips Curve.