JP – 338

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I Semester M.B.A. Degree Examination, July 2022
(CBCS Scheme) (2014 – 15 and Onwards) (Repeaters)
MANAGEMENT
Paper – 1.1 : Economics for Managers

Time : 3 Hours Max. Marks : 70

SECTION – A

Answer **any five** of the following questions. **(5×5=25)**

1. What is opportunity cost ? How it is relevant to managerial decisions ?
2. What is National Income ? Explain the various concepts of National Income.
3. What is Inflation ? Bring out the various measures that are taken to control Inflation.
4. Discuss the different theories of profit.
5. The monopolist is able to gain and face different profits in the Short Run. Discuss.
6. Discuss the factors which cause a increasing and decreasing returns to scale.
7. What is Price Policy ? Briefly discuss the pricing strategies with suitable illustrations.

SECTION – B

Answer **any three** of the following questions. **(10×3=30)**

8. Write short notes on **any two** of the following :
   a) Economies of Scale
   b) Kinked Demand Curve
   c) Types of wages.
9. Rector Company has the following data : Estimate the sales for 2018 and 2019.

Year	Sales
2012	125
2013	128
2014	142
2015	175
2016	195
2017	201

P.T.O.

10. Explain the producer equilibrium position with help of Isoquants.

11. Explain Cost output relationship in the short run and long run.

SECTION – C

12. **Compulsory** Case Study. **(1×15=15)**

Raising gold prices in the International market and reflected in the metal's domestic prices has already in the casualty- fall in the physical import of the yellow metal.

In India, the world's largest, importer and consumer of gold, to a certain extent the demand for the yellow metal is price elastic. The current high rates have led to demand compression, which, in impacted in slowing gold imports. The Steady decline in the quantum import of the precious metal in the first six months of the calendar year is tolerated by the data from the Bombay Bullion Association. Inflows have fallen from 34 tonnes in January to 13.8 tonnes in June with trend broken. In April it explores to additional demand during Aksya Trithiya considered an auspicious occasion to buy gold.

The gold prices rose from INR 16,25/10 gm on January 30 to INR 18,830 on June 30, a rise of 16 percent.

According to Mr. Herler, Head, Global Markets, Indusland Bank, one of the banks permitted by the Reserve Bank of India to import gold, the demand for the precious metal is on a downward trend, though the quantum of gold import shows volatility on a month and monthly basis. His observation compared to a couple of years ago, the demand for gold is significantly down.

The RBI has permitted certain banks to import bullion on consignment basis for domestic jewelers and exporters where the bank does not stock gold. Bank and other agencies such as MMTC imported nearly 80% gold and India Accounts for nearly 20 percent of the world gold demand.

The fall in consumption or demand for jewelry is offset by investment demand as gold is seen as a safe- haven. According Mr. Ramesh Reddy, Senior Analyst, commodities way 2 wealth securities, gold import is lower because of higher international prices and depreciation of the rupee. Whatever we import is costlier now. So we import is lower. On the consumption side demand may be less, but the investment demand is still there because of the uncertainty in Europe. Due to the possibility of decreases in other asset classes, people are buying gold as hedge to keep up the value of their asset.

According to Mr. Reddy the gold price may come down to INR 17,500-17,800 for 10 grams within a month.

Questions :

i) Is Demand of Gold elastic or inelastic ?

ii) What is the impact of rupee depreciation on gold demand and how ?

iii) Is Investment demand for gold elastic ?
