

**POST GRADUATE DIPLOMA IN GLOBAL
BUSINESS LEADERSHIP (PGDGBL)**

00468

Term-End Examination

December, 2011

**MGB - 006 : ECONOMIC FRAMEWORK FOR
BUSINESS DECISIONS**

Time : 3 hours

Maximum Marks : 100

Note : Attempt Any Five questions. All questions carry equal marks.

1. (a) You have left your job to enroll for a full-time MBA program. Evaluate the opportunity cost of your decision. What difficulties are involved in such estimation ? 10
- (b) What method of economic analysis would you apply to assess ? 10
 - (i) Inflation
 - (ii) Monetary Policy
2. What do you understand by equi-marginalism ? Elaborate with the help of an example. 20
3. Use Indifference Curves to explain and illustrate, with logic, the trade-off between : 20
 - (a) Risk and Return
 - (b) Individual Spending and Saving

4. Detail any two pricing strategies that are effective under conditions of monopolistic competition. 20
5. 'Investment, which is expenditure at one hand, is income at another hand! Explain the multiplier effect in light of this statement. 20
6. In relation to Balance of Payments, examine the impact of : 20
- (a) Increase in domestic interest rates
 - (b) Strengthening of Indian Rupee
 - (c) Good performance on domestic stock exchanges.
7. What will be the principal differences in the Balance of Payments statements of countries which have ? 20
- (a) Recently become creditors vs. those which have been creditors for a long period of time.
 - (b) Recently become debtors vs. those which have been debtors for a long period of time.
8. Define the different phases of business cycles. Is it possible to forecast a business cycle ? 20