

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER -I–EXAMINATION – WINTER 2021

Subject Code: 1519602**Date: 14-03-2022****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.

- Q.1** Define following terms: **14**
- (a) Opportunity Cost and Sunk Cost.
 - (b) Any two factor of production.
 - (c) Equilibrium Quantity with graph.
 - (d) Productivity.
 - (e) Nominal interest rate and Real interest rate.
 - (f) GNP with formula.
 - (g) Collusion and Cartel.
- Q.2** (a) i. It is generally believed that when fares of airlines go up, the demand for railway travel also goes up? Does this seem logical to you? Explain. **07**
- ii. It was noticed that even though the price of salt went up, there was no fall in demand. Can you explain, why?
- (b) The study of economics has many facets and the field is unified by several central ideas regarding the working of economy as a whole- Explain. **07**
- OR**
- (b) Explain different types of Price elasticity of Demand with its graphical representation. **07**
- Q.3** (a) Discuss production and pricing decision for monopoly firm. **07**
- (b) Taking a real life example, discuss the features of the perfect competition. **07**
- OR**
- Q.3** (a) What do you understand with prisoner's dilemma? How can you relate it to oligopoly market **07**
- (b) Explain the components of GDP. Give one example of each **07**
- Q.4** (a) Explain why aggregate demand curve is downward sloping. In detail **07**
- (b) Compute GDP Deflator by taking 2015 as base year: **07**

Year	Ice Cream		Candy Bar	
	Quantity	Price	Quantity	Price
2015	100000	2.00\$	200000	1.00\$
2016	120000	2.50\$	220000	2.00\$
2017	150000	4.00\$	230000	3.00\$

OR

- Q.4** (a) Describe tools of RBI in control of money supply in the Economy. **07**
(b) Explain the short run trade-off between inflation and unemployment **07**
using the Phillips curve. When does the Phillips curve become vertical?

Q.5 **CASE STUDY:**

The LED lighting market in India is still not matured. In 2013, the Indian LED market generated revenue of about Rs 20 billion, according to Indian lighting association ELCOMA. It has been predicted that the Indian LED lighting market will grow at a rate of 53% per annum by year ending 2015-16.

Government projects: Currently, the demand for LED lights in India is coming from government projects like street lights that many of the Indian states have undertaken. About 27.5 million streetlights across the country are being replaced with LED lights.

Another major government project that will distribute retrofit LED lamps among BPL households will majorly boost demand for LED lights in India. LED lamps will be distributed under several government schemes, and it will generate a demand for 300 million retrofit LED lamps over the next three years.

About 770 million incandescent bulbs (normal bulbs that we have been using for years) are sold every year in India and replacing them with LED lights will result in saving 25 billion units of power, annually in India.

Through these projects, the government has ensure that the domestic manufacturers benefit the most, hence, it has mandated that only manufacturers in India who meet the Indian standards would be considered to supply these street lights. Indian standards for LED lights have been formulated keeping in mind the hot, humid, dusty and polluting conditions. Thus, it has been mandated that these LED lights should be made in India to suit the Indian conditions.

Currently, the Indian LED market is flooded with cheap imports as the Indian standards have not yet been made mandatory due to lack of adequate testing laboratories in the country. However, the industry feels that in a year or two, the Indian standards will become mandatory and then the Indian lighting industry will become self-reliant and more lighting manufacturers will start manufacturing LED lights. Industry experts also believe that the CFL market in India has fully matured and, hence, the CFL manufacturing facilities in India have to be utilized for other purposes. So it is all the more possibility for LED lights to be manufactured in these facilities in the coming years. This will give a big push to the demand for LED lights.

- (a) What are the reasons behind success of LED bulbs in India? **07**
(b) If you consider LED bulbs as a substitute, what will happen to demand **07**
of CFL bulbs in the future? Discuss in detail

OR

- Q.5** (a) What are the challenges associated with success of LED in India? **07**
(b) What should manufacturers do to raise consumer awareness about LED **07**
bulbs?
