

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA- SEMESTER -I - EXAMINATION- SUMMER-2023

Subject Code: 4519202

Date: 12/07/2023

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.

- | | Marks |
|--|-----------|
| Q.1 Define the following terms in short
(a) Cost of living
(b) Monopoly
(c) What is GDP?
(d) Real interest rate & nominal interest rate
(e) Inflation
(f) Open-economy & macroeconomics
(g) Supply | 14 |
| Q.2 (a) Define the price elasticity of demand and the income elasticity of demand. List and explain the determinants of the price elasticity of demand. | 07 |
| (b) Define managerial economics, Nature and scope of managerial economics. | 07 |
| OR | |
| (b) What is demand? Types of demands and determinants of demand. | 07 |
| Q.3 (a) Discuss in detail the various components of GDP with an example of each. | 07 |
| (b) What is consumer price index and how is it calculated? What are the problems in measuring the CPI? | 07 |
| OR | |
| Q.3 (a) Difference between price elasticity and income elasticity. | 07 |
| (b) Discuss the perfect competition, monopolistic competition and oligopoly competition. | 07 |
| Q.4 (a) Briefly explain production and growth. | 07 |
| (b) Discuss the aggregate demand and aggregate supply? | 07 |
| OR | |
| Q.4 (a) What is money? Types of money and functions of money. | 07 |
| (b) Prestige restaurant has the following cost schedule. | 07 |

Quantity	0	10	20	30	40	50	60	70
Variable cost	0	400	700	930	1100	1400	1900	2500
Total cost	1000	1400	1700	1930	2100	2400	2900	3500

Calculate the AVC, ATC and MC. compare the column for average total cost and the column for the marginal cost. explain the relationship.

Q.5

CASE STUDY:

The LED lighting market in India is still not matured. In 2013, the Indian LED generated revenue of about ₹ 20 billion, according to Indian LED market generated revenue of about 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 CEL 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) Draw a demand curve for CFL bulbs as a substitute, what will happen to demand of CFL bulbs in the future? 07

OR

- Q.5 (a) Explain the market structure in which LED bulbs fall? State whether it is monopoly, oligopoly or monopolistic competition 07
(b) What are the challenges associated with success of LED in India? What should manufacturers do to raise consumer awareness? 07
