

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA-SEMESTER-I-EXAMINATION- SUMMER-2024

Subject Code: 4519202**Date: 07/06/2024****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.

Q1	Define the following terms:	Marks
a	Cross Elasticity of Demand	14
b	Factors of Production	
c	Total Fixed Cost	
d	Stagflation	
e	Purchasing Power Parity	
f	Marginal Propensity to Consume	
g	Fiscal Policy	

Q2a What is Demand? Explain the different determinants of Demand. **7**

Q2b i. Given the following information: **7**

Current price of the product: Rs 10

Quantity sold at the current price: 1,000 units per month

After conducting a market survey, you estimate that for every 10% increase in price, quantity demanded will decrease by 15%.

Calculate the price elasticity of demand for the company's product using the midpoint formula.

- ii. Based on your calculation, interpret the elasticity value obtained and provide recommendations to the company's management regarding the proposed price increase. Discuss the potential impact on sales revenue and profitability.

OR

Q2b 'Large scale Production reduces the per unit cost of production' explain with relevant causes and examples. **7**

Q3a When a rational producer takes the decision to shut down in perfect competition? **7**

Q3b Shower Fresh Pvt. Ltd. is a company that manufactures personal care commodities. The company needs an economics with a sound knowledge of cost output relationships. The company has designed a small test based on certain cost and output data. Complete the following: **7**

Q	TC	MC	TFC	TVC	AFC	AVC	ATC
0	250						
1		100					
2							210
3				220			
4	510						
5						60	
6							100
7		60					
8				590			
9						90	

OR

- Q3a** Describe the circular flow of income in four sector economy. 7
- Q3b** How the cost of living is calculated? Explain step by step calculation. 7
- Q4a** Explain prisoner's dilemma with reference to oligopoly market structure. 7
- Q4b** Below are some data of X economy, which produces only two goods A & B. Calculate 7
nominal GDP, Real GDP and GDP deflator for each year, using 2021 as a base year.

Year	Price of A	Quant. Of A	Price of B	Quant. Of B
2021	Rs. 4	120	Rs. 2	180
2022	Rs. 6	265	Rs. 3	195
2023	Rs. 7	345	Rs. 4	210

OR

- Q4a** What is the trade off between inflation and unemployment? Does it exist in long run? 7
- Q4b** Analyse the influence of Fiscal policy on Aggregate Demand. 7
- Q5** Case Study:

As the internet came into existence the battle for the browser also started. The speed of change in technology is so fast. The new competitors who are entering into the market racing up with the advanced technology. The stake holding is always challenging.

In the late nineties, it was Microsoft's Internet Explorer versus Netscape Navigator. Fast forward 20 years, and IE's proprietary technologies for enabling interactive, application-like websites have given way to W3C (world wide web consortium) standards-based features for delivering the online experience.

Meanwhile, the browser landscape has a new dominant force: Google, the search and web advertising giant that delivers the most content of any source on the internet (according to comScore), also claims nearly 70 percent of the browser market with Chrome (based on both Net Market Share and Stat Counter numbers). That's for desktop use; if you add in mobile, Chrome is still king at over 60 percent.

Chrome may be leading in usage (except, of course, on Apple devices), but it's not ahead by every measure or by number of capabilities. Firefox, Edge, Safari, and Opera all have features not found in Google's browser. That's not to say that Chrome isn't an excellent piece of software, but you should know there are worthy alternatives.

(Source: <https://in.pcmag.com/gallery/134420/chrome-edge-firefox-opera-or-safari-which-browser-is-best>)

- Q5a** What all are the features of market leadership which you find in Google Chrome? 7
- Q5b** Which type of market structure do you find in the above case? Discuss the features. 7

OR

- Q5a** Describe the strategies of Google Chrome to dominate the market. 7
- Q5b** Do you find any other examples in the global market following the same strategies. 7
