

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER – I - EXAMINATION – SUMMER 2022**

**Subject Code: 4519202****Date: 29/07/2022****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.

**Q.1 Answer briefly:****(14)**

- (a) What is monopoly. Discuss briefly the causes of monopoly.
- (b) What do you understand by economies of scale. How can companies accomplish it?
- (c) Discuss briefly any three principles of economics.
- (d) Define GDP and GNP.
- (e) Multiplier effect in the economy
- (f) What is Shoe-leather cost.
- (g) Economic Profit Vs Accounting Profit

**Q.2 (a)** Show with the help of a diagram how an increase in demand affects or changes the equilibrium. **(7)**

**Q.2 (b)** Discuss in detail with the help of diagrams the various types of elasticity of demand giving examples for each. **(7)**

**OR**

**Q.2 (b)** With respect to the cement industry, discuss the characteristics of cement industry oligopoly. Discuss the effect of price increase of cement on consumers and how the watch-dogs can control such price hike. **(7)**

**Q.3 (a)** Discuss in detail the various components of GDP with an example of each. **(7)**

**Q.3 (b)** Draw a diagram depicting a firm in a monopolistically competitive market that is making profits. Now show what happens in this firm as new firms enter the industry. **(7)**

**OR**

**Q.3 (a)** The central bank of any country basically controls the supply of money. Discuss the tools which our central bank RBI has to control the supply of money in the economy. **(7)**

**Q.3 (b)** For a typical firm, draw the various types of costs viz. MC, ATC, AVC, AFC and discuss their relationships as well as why the curves have the shape that they do. **(7)**

**Q.4 (a)** Explain the relation between diminishing returns and catch-up effect in the economy, with reference to developed and developing or underdeveloped economies. **(7)**

**Q.4 (b)** In the following Table 1, a firm has a choice of producing from zero to 4 products. We know some of the costs, which are written herewith. Further, the firm has a fixed cost of Rs. 80. Calculate the missing values in the Table 1. **(7)**

**Table 1**

Q	TC	TFC	TVC	ATC	AFC	AVC	MC
0	80						
1	160		80				
2	220			110			
3	290					70	
4	380						90

OR

**Q.4 (a)** Discuss the reasons why the short-run Aggregate Supply curve is upward sloping. (7)

**Q.4 (b)** Assume for the sake of simplicity that the basket of goods consumed by a typical household consisted of just three goods: pizza, wafer, and ice cream. The quantities consumed of each of these three goods in the base year are given in Table 2 below, along with the prices of these three goods in both the base year and the current year. Calculate the CPI as well as the inflation rate in the current year. (7)

**Table 2**

Good	Base Year Quantity	Base Year Price	Current Year Price
Pizza	12	Rs. 11.25	Rs. 12
Wafer	25	Rs. 1.55	Rs. 1.45
Ice-cream	15	Rs. 2.95	Rs. 3.05

**Q. 5 Read the Case below and answer the questions that follow:**

**Zomato- A Global Indian Company**

Zomato, an Indian start-up, is in the business of online food ordering, as we all know it. Deepender Goyal is co founder and CEO of Zomato, while Pankaj Chaddah is co founder and COO of Zomato. It initially launched Foodiebay.com in Gurugram in 2008, a website that scanned menus and provided ratings and recommendations on restaurants. It soon expanded to cities like Kolkata, Mumbai, Pune and Bengaluru and renamed itself as Zomato in 2010. Presently the food ordering business has its presence in 24 countries and has achieved a milestone of 21 million monthly online food orders in India alone. Zomato is currently having more than 2000 employees from 32 different nationalities with a motive of building amazing dining experience.

After receiving its first investment in 2010 by info edge, Zomato started expanding its operations and achieved improved growth. The company made nine acquisitions by 2015 of which five acquisitions were made in a single year. By 2016 Zomato was valued at US\$ 1 billion. It has raised about US\$ 635 million in 11 rounds.

Zomato's overall revenue from food ordering increased from 35 per cent to 65 per cent after acquiring a delivery provider company named Runnr in 2017.

Over the years, Zomato has been able to come up with new products like Zomato Gold, Treats and hygiene ratings to tackle the newcomers like Uber and Ola. Zomato Gold was labelled as the fastest user subscription programme in the country after getting 300,000 paid users and partnering with about 2,200 restaurants. Having overcome the initial tumultuous period and firmly establishing itself as a leading player in terms of deciding your next meal, Zomato is in an excellent position to capitalise on the growth of the sector across the length and breadth of the country. Over 90 million users come to visit Zomato every month to search the place for dining or home delivery hence this makes a highly targeted place for advertising for restaurant owners. Advertising for restaurants is the key revenue generator for Zomato. The company also launched a new food ordering app from which you can order food from near by restaurants. The business model is still coming up with many innovative initiatives to capitalize the macro and micro aspects of the economy which enables growth.

(Source: <https://www.ibef.org/research/case-study/zomato-top-of-the-food-chain> ;  
<https://www.whizsky.com/2017/08/case-study-zomato-global-indian-company/>)

**Based on the case above, answer the questions that follow:**

**Q.5 (A)** Identify the macro and micro aspects which Zomato has used successfully in its business model. (7)

**Q.5 (B)** What aspects of the economy have helped Zomato to come up with such a kind of business model. (7)

**OR**

**Q.5 (A)** Identify the various factors which have been the competitive advantages for Zomato. (7)

**Q.5(B)** How do you think such business models are useful to the economy from the perspective of customers, restaurant owners, other stake-holders and the economy as a whole. (7)

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