1) **Explain Role of GDP in decision making of a country?**

The GDP, or gross domestic product, is comparable to an economy's scorecard. It calculates the entire worth of all products and services generated inside its boundaries during a given period of time, such as a year. This figure indicates how well the economy is going, which makes it essential information for decision-making. GDP is a tool used by firms, investors, and policymakers to make choices regarding resource allocation, investment plans, and government expenditure. It also aids in cross-national and historical comparisons of economic performance. In essence, choices that determine the course and state of a country's economy are guided by GDP.

2) **Real GDP and Nominal GDP have its own roles to play, in interprating the economic performance of a country. Explain**

Nominal GDP is the total worth, assessed at current market values, of all products and services produced inside a nation's boundaries over a given time period, usually a year. It captures variations in both the amount of products and services produced and their pricing across time. Nominal GDP is helpful in comparing the economic output of various nations and in determining the overall size and growth rate of the economy.

Real GDP provides a measure of economic production that is adjusted for inflation or deflation by adjusting nominal GDP for changes in price levels. After accounting for fluctuations in prices, real GDP provides a more precise evaluation of shifts in the volume of goods and services produced over time. Because of this, it's a useful instrument for determining the actual expansion or contraction of an economy, regardless of fluctuations in prices.

In conclusion, real GDP provides a more accurate estimate that takes price changes over time into account, whereas nominal GDP provides us with a raw assessment of economic activity at present prices. In order to comprehend many facets of economic performance and to make well-informed judgments on economic plans and policies, both metrics are critical.

3) **Explain double counting error in GDP calculation.**

Double counting, which results in an overestimation of the nation's economic output, happens when the value of intermediary commodities or services is tallied more than once during the manufacturing process. GDP is designed to quantify the entire value of goods and services produced within an economy, not the value of all products and services at every step of production, which leads to this inaccuracy. Only the value added—that is, the difference between the value of intermediate inputs and the value of output—at each step of production is included in GDP estimates to prevent duplicate counting. GDP statistics may be distorted if this isn't taken into consideration, creating the appearance of heightened economic activity. If the amount of steel used to make automobiles is valued, for example

4) **Compare and contrast between 3 approaches to GDP calculation.**

The production approach, income approach, and spending approach are the three methods used to calculate GDP, and each provides a different viewpoint on how to gauge an economy. The production approach avoids duplicate counting of intermediary items by computing GDP by adding up the value contributed at each step of production. The income approach, on the other hand, determines GDP by adding up all forms of revenue received by the economy, such as taxes, rent, profits, and wages. This method sheds light on the distribution of value created in the economy among the various production components. Last but not least, the expenditure approach calculates GDP by adding up all of the economic sector's expenditures on finished products and services, including net exports, government spending, investment, and consumption. Even while each strategy offers insightful information, the results may differ somewhat.

5) **Explain the role of GDP deflator?**

The GDP deflator, which provides a measure of economic production adjusted for changes in price levels over time, is essential in converting Nominal GDP to Real GDP. The GDP deflator helps investors, policymakers, and economists compare economic growth and performance across time with accuracy by eliminating the impacts of inflation and deflation. It is a method for determining actual changes in the amount of products and services produced in an economy, separate from changes in price. Furthermore, by offering insights into the underlying dynamics and patterns of economic activity, the GDP deflator assists in the formulation of fiscal and monetary policies by facilitating the evaluation of price stability and the efficacy of policy interventions.

1) **Explain the main characteristics of a firm operating in an oligopoly market structure,**

A company that operates inside an oligopoly market structure differs from companies functioning in other market structures in a number of important ways. First off, an oligopoly occurs when a few large enterprises control the majority of the market, which frequently results in fierce rivalry amongst them. Due to their strong market positions, these companies are able to set pricing and demand levels. Second, companies frequently differentiate their products from one another in order to get a competitive advantage. They do this by competing on factors other than pricing, like as branding, advertising, and product innovation. Furthermore, significant entrance obstacles like economies of scale or high initial investment costs can further solidify the market dominance of alreadyestablished companies. Finally, there is a great deal of strategic interdependence since businesses constantly watch and react to the decisions and activities of their rivals.

2) explain why a firm operating competes with each other using non-price factor

Because price competition in an oligopoly market structure is restricted and price wars can be risky, companies in these markets frequently compete with one another on non-price considerations. Given the small number of dominant businesses in the market, any notable price cut by one of them is likely to set off a chain reaction of retaliatory moves from rivals, resulting in a downward pricing spiral and decreased profitability for all participating firms. Rather, companies choose to set themselves apart from competitors by using non-price elements including marketing tactics, branding, product quality, and innovation. Businesses may establish perceived value for their products, foster customer brand loyalty, and establish a distinct market position without resorting to direct price rivalry by concentrating on these non-price aspects. Furthermore, in an oligopolistic market, non-price competition enables businesses to compete for market share and client loyalty without sacrificing profit margins or long-term profitability.

3) A firm in an oligopoly experiences a combination of elastic and inelastic demand curves, explain the reasons for this leed demand curve highlighting the characteristics of oligopoly

Because of the particular features of this market structure, a business operating in an oligopoly frequently faces a demand curve that combines portions that are elastic and inelastic. A limited number of powerful enterprises that control a substantial portion of the market provide each firm a great amount of market power, which is the hallmark of an oligopoly. As a result, businesses have some control over output levels and pricing. However, because competitor companies exist, any unilateral price rise by one company is likely to result in a large loss of market share because customers may simply move to rival products. The demand curve's elastic portion illustrates how sensitive customers are to price fluctuations and industry competition. However, oligopolistic businesses may also have some degree of market power, particularly if there are obstacles to entrance or if their goods are unique. Because of perceived product distinctiveness, brand loyalty, or a lack of options, customers may display inelastic parts on the demand curve in certain situations. This mix of inelastic and elastic demand segments emphasizes how intricate oligopoly markets are, requiring businesses to carefully strike a balance between market power and competitive forces in order to maximize profits.

4) Analyze the effect of pure monopoly from the perspective of a startup company, national economy, and end consumer

Startup Company:

A complete monopoly frequently implies considerable entry barriers, making it exceedingly difficult for new enterprises to enter the market and compete. High hurdles, such as legal constraints, economies of scale, and control over critical resources, can hinder creativity and entrepreneurship. With a monopolistic corporation dominating the industry, startups may struggle to get clients and establish a footing. Limited market access can impede startup enterprises' development and survival by making it harder to recruit investors, acquire market share, and achieve profitability.

National Economy

Monopolies frequently result in inefficiencies in resource allocation and production, since a lack of competition reduces incentives for cost-cutting and innovation. Inefficiencies can stifle total economic development and productivity, restricting a country's capacity to compete worldwide. Monopolies can aggravate income inequality by consolidating wealth and power in the hands of a few people or businesses. Monopolistic corporations may be able to extract excessive profits at the expense of consumers and workers, exacerbating society's wealth divide.

End Consumers

Monopolies have the ability to raise prices above competitive levels, resulting in greater costs for customers. With few options available, customers may be forced to accept monopolistic prices, resulting in lower buying power and consumer surplus. In the absence of competition, monopolistic enterprises may priorities profit maximization over product quality and customer happiness. Monopolies have less motivation to spend in innovation, research, and development, therefore consumers may receive lower-quality products or services.