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MS-03

MANAGEMENT PROGRAMME (MP)

Term-End Examination

June, 2019

MS-03 : ECONOMIC AND SOCIAL ENVIRONMENT

Time : 3 Hours

Maximum Marks : 100

Note : There are two Sections—Section A and Section—B. Attempt any three questions from Section A, carrying 20 marks each. Section B is compulsory and carries 40 marks.

Section—A

1. Explain the critical elements of social environment of business and discuss the business implications of social developments, industrialisation process and management culture, giving examples.
2. What are the major objectives and scope of public sector ? Is there a conflict between autonomy and accountability in public enterprises ? Discuss.

3. What are the factors responsible for industrial sickness and how can the problem be tackled ? Discuss with reference to both Small Scale Industry (SSI) and non-SSI sectors.
4. What necessitated reforms of financial sector in India ? How has the financial sector reforms affected the working of the banking industry and financial markets in India ? Discuss.
5. Write short notes on any *four* of the following :
 - (a) Mixed economy framework
 - (b) Inflation
 - (c) Revenue Deficit
 - (d) Balance of Payments
 - (e) Economic reforms and employment.

Section—B

6. Read the following case study and answer the questions at the end :

Google in Controversy :

Google Inc., an American multinational, in the recent period is once again in a controversy. Founded in 1996 and incorporated in 1998,

Google provides various internet related products, such as internet search, cloud computing, software and advertising technologies. Of these services, Google Search dominate the internet search market not only in the USA but many other countries including the European Union.

Recently, the company is in news headlines of many leading newspapers in the USA. It is likely to be hit with an anti-trust case in the USA. The New York Times, a leading newspaper, in its edition of 12 October, 2012, reported that the Federal Trade Commission (FTC) is preparing a case that looks at the question of whether Google manipulates its search results to favour its products, and whether it makes it more difficult for rivals' products to appear prominently in those results.

The probe by the FTC was initiated on receiving complaints from many of Google rivals regarding its anti-competitive practices in ad pricing, shopping search and the ranking of Websites in search results and ad listings.

Facing a sharp decline in online traffic from Google Search, NexTag, a competitor in comparison shopping service, in its complain to FTC, has argued that Google is manipulating its search results to harm commerce competitors. The opponents have cited that a simple Google search for "Miami flights" displays a large Google results box underneath the top sponsored links featuring airfare quotes from Google's partners. On the whole, the internet search giant has been accused by rivals that Google is using its dominant position to foreclose competitors from the search marketplace, especially in high traffic segments like travel, jobs, health, real estate, media and local search. In an attempt to curtail competition, Google is unfairly demoting rival products and favouring its own commercial services, such as Google Shopping for buying goods and Google Places for advertising local restaurants and businesses over rival specialized search engines and search advertisers.

Critics of the probe, however, are arguing that having a monopoly in a given market is not, in itself, illegal. Though it is illegal to retain a monopoly power through anti-competitive practices, Google has not built a dominant position through anti-competitive methods but through the merits of its superior products. Consumers are using Google services because of their superior quality. In a rapidly changing technology sector, various players can create their own space. Dominance of Facebook and Twitter in the social networking sites and Google's failure to make inroads into such sites proves the point. Google has been arguing that the US anti-trust law is aimed at protecting consumers; but most of the complaints directed against it are from its rivals rather than consumers. Google has monopoly power only in search services; in no ways this power has been used for exploiting consumers. It is neither charging exploitative price (as such services are free) nor preventing consumers from switching

to a rival search engine. In other internet product markets it does not command monopoly. For example, Google advertising competes closely with other online advertising, such as display ads and mobile ads, and even traditional forms of advertising, such as print, TV, radio etc. Google, the owner of its search page has the prerogative to display its own services.

Supporting the Google stand, it has been argued that heavy regulation will simply hamper technological innovations, and it will constrain not only the growth of fast moving industry—internet search, online commerce and smart phone field but also the economies depended heavily on this industry. Critics of the Google practices, on the contrary, have been emphasizing that Google, being a monopoly in the search engine, has less competitive pressure to improve; hence, it is more likely to lose sight of consumer/customer interests.

The charges of anti-competitive practices on Google are not new. Also in the past, Google

has been charged for the following anti-competitive practices. Previously, to resolve the charge that it bypassed Apple Safari browser privacy settings that blocked cookies for their users, Google reached a record \$ 22.5 million settlement with the FTC in July 2012. Similarly, in April 2012, after finding that Google deliberately delayed an investigation into how it collected data for Google Street View, a technology used in Google Maps and Google Earth, the FTC fined the company \$25,000.

Google has faced anti-trust investigation not only in the USA but also in Europe. The European Commission launched an investigation into the company's search practices on receiving complaints from other search engines, such as Foundem, eJustice. Fr and Microsoft's Ciao, that the company favoured its own Web services in search results on Google.com over theirs. The rivals argued that such practices by Google put them at a significant competitive disadvantage in the market. The coalition opposing Google includes the FairSearch.Org consortium, which is composed of several of Google's competitors including Microsoft.

Speculating over the outcome, the anti-trust experts in the USA indicate that most likely the regulators would push for a commitment from Google for not using its dominate position in the internet search market to discriminate small competitors to get an unfair advantage in its own other businesses. If the FTC and Google fail to agree on a settlement, the law suit against Google is the likelihood, which will be the major action taken against any technology company since a similar action taken against Microsoft in the 1990s by the government.

Questions :

- (i) Why Google is in controversy ?
- (ii) In your view, is Google pursuing anti-competitive practices. Why ?
- (iii) What will be the outcome if the internet market is heavily regulated ? Explain the impact of the same.
- (iv) What are the possible outcomes if anti-competitive practices are not curbed ?