

10901

First Semester M.B.A. Degree Examination, August/September 2021

(CBCS Scheme – 2014-15 onwards)

Management

Paper 1.1 – ECONOMICS FOR MANAGERS

Time : 3 Hours]

[Max. Marks : 70

SECTION – A

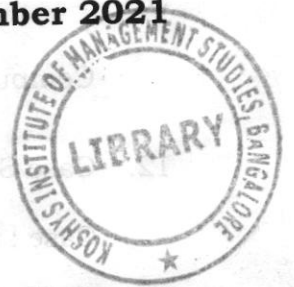
Answer any **FIVE** questions. Each question carries **5** marks : (5 × 5 = 25)

1. Explain the concept of cross elasticity of demand with an example.
2. Discuss the nature of the firm.
3. Describe the kinked demand curve with a graph.
4. Write short note on “Marginal Product and Average Product”.
5. Is it possible to earn profit in the perfect competition? Justify your answer.
6. Explain the features of Oligopolistic market.
7. Identify the areas of decision making where managerial economics prescribes specific solutions to business problems.

SECTION – B

Answer any **THREE** questions. Each question carries **10** marks : (3 × 10 = 30)

8. What are the quantitative and qualitative methods of demand forecasting? Explain in brief.
9. Discuss the causes of the inflation and the control measures.
10. Explain the concepts : AFC, AVC, ATC and MC with appropriate graphs.
11. Availability of substitute products and its price are considered as two major determinants of Price Elasticity of Demand. Explain the Price Elasticity of Demand with appropriate graphs.



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**SECTION - C**

Compulsory question :

**(1 × 15 = 15)**

12. Case Study :

Case : Future outlook of Indian IT Sector :

IT sector has made significant contributions to India's economic growth in terms of GDP, increase in foreign exchange earnings as well as employment generation. Its contribution to GDP has increased tenfold in the last decade from 0.6% to 6% till 2009-10.

The sector has helped India transform from a rural and agriculture-based economy to a knowledge based economy. Besides this, the lives of people have been positively influenced by direct or indirect contribution of IT sector to various parameters such as employment, standard of living, per-capita income etc. In the last ten years the IT sector in India has grown at an average annual rate of 28%. India accounts for almost 51% of the global sourcing market.

India has emerged as the preferred destination for IT services owing to the cost advantage and talent pool. Exports contribute around 75% of the total revenue from the IT sector in India. However due to increase export orientation and lesser domestic consumption the sector suffered a major hit in the recession that shook the globe in 2008-09. In the year 2010, different economies have started recovering but at varying pace.

Indian companies have subsequently begun tapping other geographical markets and domestic consumption has also relatively increased. According to NASSCOM, India can reach \$ 130 Billion in IT revenue by 2015, with CAGR of 14%. With this, it would be contributing to 7% of annual GDP and creating 14.3 million employment opportunities. With the government taking active measures to stimulate the growth of IT sector with the emergence of BPO and KPO over last few years, India is expected to climb the global value and knowledge chain. In long-term we can expect the Indian IT sector to see good growth.

Different segments of the sector are set to experience different growth rates. BPO industry have experienced high growth but the Software and Information Technology Enabled Services (ITES) segment is expected to see slower growth. However, on an individual basis each company has to compete with other

domestic as well as global players. They have to adapt new business models to compete with global players e.g. Cloud, On-demand services, and SaaS. With increased threat from countries like China, the companies will suffer loss unless they change business models. It is very important that while investing in a company, an investor selects a sector, where the long-term future prospects are bright.

Questions :

1. What are the growth drivers of the IT sector in India?
  2. Illustrate with example, the contribution of IT sector in the growth of Indian economy.
  3. 'Bengaluru is now on the global map for IT and ITES.' – Discuss.
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