

Time: 3 Hours

Max. Marks: 75

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*Answer any FIVE Questions One Question from Each Unit*  
*All Questions Carry Equal Marks. Question 11 is compulsory*

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**UNIT-I**

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|----|---|--|----|
| 1. | a | Explain the nature and scope of managerial economics | 6M |
|    | b | Describe the discounting principle of investment.    | 6M |

**OR**

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|----|---|---|----|
| 2. | a | What do you mean by opportunity cost? illustrate them | 6M |
|    | b | Describe the theory of the firm and its objectives.   | 6M |

**UNIT-II**

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|----|---|---|----|
| 3. | a | Discuss the significance of price elasticity of demand in business decisions. | 6M |
|    | b | Explain the concept of supply and its determinants                            | 6M |

**OR**

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|----|---|---|----|
| 4. | a | Compare and contrast qualitative and quantitative methods of demand forecasting | 6M |
|    | b | Analyze the role demand and supply analysis in resource allocation.             | 6M |

**UNIT-III**

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|----|---|---|----|
| 5. | a | What is cost? Discuss the various types of costs in production. | 6M |
|    | b | Discuss the concepts of economies and diseconomies of scale     | 6M |

**OR**

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|----|---|--|----|
| 6. | a | Describe the role of production function in managerial economics             | 6M |
|    | b | What is the Cobb-Douglas production function? How is it applied in business? | 6M |

**UNIT-IV**

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|----|---|---|----|
| 7. | a | How are prices determined in a monopoly market?                         | 6M |
|    | b | Explain the concept of price elasticity and its application in pricing. | 6M |

**OR**

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|----|---|--|----|
| 8. | a | What is the importance of pricing strategies in maintaining competitive advantage? | 6M |
|    | b | Discuss the Prisoner's dilemma and its relevance to competitive market.            | 6M |

**UNIT-V**

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|----|---|---|----|
| 9. | a | Define macro-economics and explain its significance in business decision making | 6M |
|    | b | What is national income? Explain its components and methods of measurement?     | 6M |

**OR**

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|-----|---|---|----|
| 10. | a | Examine the causes and types of inflation with examples | 6M |
|     | b | Discuss the business cycles and its phases.             | 6M |

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|----|-------------------|-----|
| 11 | <b>Case Study</b> | 15M |
|----|-------------------|-----|

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 increased 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. In the above case, we have seen that the IT sector is expected to have good growth in the long run. Also, it is equally important that the company has an excellent financial track record and its long-term future prospects are Green (Very Good).

1. What are the growth drivers of the IT sector in India?
2. Has Globalization helped India to gain employment opportunities?
3. What is the role of Private sector in IT Industry?