

MANAGEMENT PROGRAMME

Term-End Examination

June, 2014

**MS-3 : ECONOMIC AND SOCIAL
ENVIRONMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

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

SECTION - A

1. What do you understand by social responsibilities of business ? What are the expectations of different stakeholders ? Briefly explain, giving examples.
2. Briefly analyse the problems and prospects of small-scale industry. State the measures which promote healthy growth of SSI.
3. Analyse the genesis of Mixed Economy framework in India. What factors led to the change in this approach ?
4. Discuss the scope and classification of external debt. Explain the methodological issues related to the external debt of the nation.
5. Write short notes on any four of the following :
 - (a) Fiscal Deficit
 - (b) High Powered Money
 - (c) Foreign Investment Promotion Board
 - (d) Privatisation
 - (e) Cooperative Banks

SECTION - B

6. Read the following case and answer the questions given at the end.

Case

Mr. Alex and Mr. Murthy are planning to start a business in Mumbai, Mr. Alex wants to invest Rs. 3 crore and Mr. Murthy Rs. 2 crore in the business. Mr. Murthy is a resident of India; Mr. Alex is a resident of USA. They want to start the business in partnership, but Mr. Alex wants to buy his own land for business purpose in Mumbai. For this he is ready to invest more than 50 lakh. Mr. Murthy suggest to Mr. Alex that it is not easy to buy land in Mumbai in the latter's name. It would be better to buy the land and all assets required for the business in his, Mr. Murthy's name because RBI may prohibit any borrowing or lending in rupees between a person resident in India and person resident outside India and under Section 6 of FEMA, RBI may by regulation, prohibit, restrict or regulate the establishment in India of a branch office, or other place of business by a person resident outside India, for carrying on any activity relating to such branch, office or other place of business. Therefore Mr. Murthy suggest that Mr. Alex just invest the money. Whatever assets they will buy will be owned by Mr. Murthy alone.

Mr. Alex does not agree with this suggestion of Mr. Murthy. He says, "We will buy all assets in partnership as we are starting a business in partnership".

Case Questions

- (a) Do you support the suggestion of Mr. Murthy ? Do you think the suggestion of Mr. Murthy is correct ?
 - (b) Give correct suggestions to Mr. Alex to start a business in India.
7. (a) How does fiscal policy affect economic growth and resource allocation ? How can the policy be used for improving business environment ?
- (b) 'Service sector cannot be the growth dynamo of the economy in the absence of matching industrial growth'. Discuss.
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