

MAY 2012

P/ID 77604/PBE1D

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Indicate the scope of managerial economics.
2. State the salient features of LAC.
3. What are the differential pricing in market?
4. “Monopoly price need not necessarily be high”– Do you agree?
5. Explain the national income growth trends during Post-Independence period in India.
6. Explain probability analysis.
7. What are restrictive agreements?
8. What are economic indicators?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Explain multivariate optimisation.
10. What methods are available for forecasting the demand for new products? Explain.
11. Explain the different methods of determining total advertising budget. How do you measure the economic effects of advertising?
12. Discuss the Government policy against monopoly and restrictive trade practices.
13. Describe the various methods of measuring national income. How is a method chosen for measuring national income?
14. Enumerate the consumption function. What are its limitations and uses?
15. Discuss the analysis of risk and uncertainty.
16. Explain input-output analysis.

PART C — (1 × 20 = 20 marks)

(Compulsory)

BHARATHI UDYOG LIMITED

17. Bharathi Udyog Limited is a classic example of monopoly in spare parts, servicing repairs etc., and along with its authorised dealers, the BUL is looting the Bharathi vehicle users.

Often one has to change the clutch plate twice in six months and pay Rs. 3,567. Bharati Udyog charges the price of clutch at imported cost while clutch plate is actually made by Clutch Auto Pvt. Ltd. at Faridabad.

The replacement of a silencer costs Rs. 800. The cost of spare parts and repairs by any reckoning is three to four times compared to Ambassador or Fiat.

A random sample indicates that every eighth car has fault clutch, in the context of defective parts and exorbitant cost or repairs, saving in fuel in Bharathi as compared to other makes is of little consequence.

Bharathi vehicle users are in a dilemma. They cannot get spare parts or get their cars repaired except through Bharathi Udyog or through its authorised dealers. But, both charge fantastic amounts and do not give guarantee even for a day. Bharathi Udyog is thus callous to the genuine grievances of its customers.

Questions :

- (a) Why is Bharathi Udyog called a monopoly?
Does it enjoy monopoly in car manufacture?
 - (b) In what ways does a customer suffer because of Bharathi's monopoly?
 - (c) What is the way out?
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