

OCTOBER 2011

**P/ID 77604/PBE1D**

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Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What are the functions of managerial economist?
2. Describe the important types of production functions.
3. What are the factors affecting the pricing policy?
4. What are the techniques of measurement of economic concentration?
5. Specify the managerial uses of national income analysis.
6. Outline the basic concept of the theory of a firm.
7. Analyse whether perfect competition is existing in Indian Markets.
8. How do you measure the economic effects of advertising?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Explain the basic economic tools in managerial economics.
10. What is input-output analysis? How is it useful in decision making?
11. Write an essay on cyclical fluctuations of advertising.
12. Define capital budgeting and examine the need for it.
13. Describe the methods of national income determination.
14. Enumerate the major criteria for selecting investment projects. Also compare their merits and demerits.
15. Explain how optimisation techniques help in managerial decision making.
16. How is risk differing from uncertainty? Name the approaches which are normally used to take care of investment risk. Explain any one of them briefly.

PART C — (1 × 20 = 20 marks)

(Compulsory)

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. 3567. Bharathi 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 faulty clutch, in the context of defective parts and exorbitant cost of 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 car repaired except through Bharathi Udyog or through its authorised dealers. But, both charge heavy 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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