

Code: 14E00202

MBA II Semester Supplementary Examinations December/January 2015/2016

MANAGERIAL ECONOMICS

(For students admitted in 2014 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

SECTION – A

Answer the following: (05 X 10 = 50 Marks)

- 1 What is scope managerial economics? Explain its relationship with finance and marketing functions.
OR
- 2 Elucidate objectives of a business firm. Describe managerial theories of the firm.
- 3 What are marketing research approaches to demand estimation?
OR
- 4 Explain supply function of a product. What are various types of supply elasticity?
- 5 Explain cost-output relationship in the short and long-turns.
OR
- 6 What are returns to scale and factors? Examine the role of innovations in global competitiveness.
- 7 Elucidate how prices are determined in oligopolistic markets.
OR
- 8 Describe skimming and penetrating price strategies with relevant examples.
- 9 What are cost-push and demand-pull inflations? What are effects of inflation?
OR
- 10 Narrate phases of business cycle.

SECTION – B

(Compulsory Question)

01 X 10 = 10 Marks

11 Case study:

Maruti Udyog Ltd (MUL) enjoys monopoly in spare parts. Along with dealers, MUL is exploiting Maruti vehicle users.

Often the vehicle user has to change the clutch plate twice in six months and has to pay Rs.3,567/-. MUL charges the price of clutch at imported cost while clutch plate is actually made by clutch auto private 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 Maruti as compared to other auto makers is of little consequence.

Maruti vehicle users in dilemma they cannot get spare parts or get their cars repaired except through Maruti Udyog or its authorized dealers. But both charge huge amounts, not giving guarantee for a single day. MUL is thus, indifferent to the genuine grievances of its customers.

Questions:

- (a) Define a monopoly and state its main features.
- (b) Why MUL is called a monopoly? Does it enjoy monopoly in car manufacture?
- (c) In what way do customers suffer from monopoly practices of MUL.
- (d) What do you suggest to remedy the situation?
