

MANAGEMENT PROGRAMME

Term-End Examination

12269

June, 2012

**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. (a) Describe the elements of economic environment. **20**
- (b) Explain the impact of economic environment on business management, giving suitable examples, especially in current context.

2. Analyse the various dimensions of the structure of Indian Industry and describe the Industrial structure on the basis of ownership pattern. **20**

3. "Though the regulatory framework had sound economic objectives, their implementation and outcome were far from satisfactory". Based on the above statement, analyse the impact of regulatory framework on industrial structure and performance. 20
4. (a) Discuss the role and significance of foreign trade for a developing economy 20
(b) Define Balance of Payments (BOP) and explain the significance of BOP.
5. Write short notes on *any four* of the following . 20
- (a) Externalities
(b) Growth of small - scale Industry
(c) Role of Private Sector in Economic Development.
(d) External Debt
(e) Economic Reforms and Employment.

SECTION - B

6. Read the following caselets carefully and answer the question given at the end of each. 20

(a) Birla Corporation.

This company manufactures cement, jute products, automobile components, pvc flooring, carbide, gases, synthetics and steel castings. By 2003-04, their sales shot up by 10.6% to Rs. 1,243.18 crore, from the previous year. Profit after tax was Rs. 41.56 crore against Rs. 4.19 crore in 2002-03. This was achieved by the company's improved performance of cement division, and by a well planned cost management.

The cement division alone, contributed for 88.75% of the company's sales in 2002-03, and in 2003-04 they achieved higher capacity utilisation. Total exports increased to Rs. 50.80 crore in 2003-04 from Rs. 48.19 crore in 2002-03.

In 2003-04, their jute exports increased, and the company had a good performance rate. The total sale of iron and steel casting was increase to 948 tonnes in 2003-04, as compared to 855 tonnes in 2002-03. The automobile sector had to face a decline. Their calcium-carbide industry struggled much due to competition from low priced materials from China and Romania, and duty free imports from Bhutan. Increase in power tariff also contributed much to their struggle.

Low interest rates activity in housing sector will continue to be robust, boosting demand for cement. Taking this into advantage, Birla Corporation has decided to expand capacity at its Durgapur Cement Plant by 1 million tonnes. They are also working hard to make the production capacity of Chanderia Cement 3 lakh tonnes per annum. Projects are underway to set up power plants of 27 MW, as new industrial undertaking at Satna, M. P. and Chanderia, Rajasthan. These power plants would enhance the cost efficiency of the units.

Question :

Discuss the business activities of Birla Corporation based on the data for developments given.

(b) Eveready Industries India

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Eveready industries India produces products ranging from carbon zinc batteries, rechargeable batteries, alkaline batteries and flashlight, to packed tea and bulk tea. In 2003-04, the company had to face a loss before tax of Rs. 38 lakhs, against a profit before tax of Rs. 11.13 crore in 2002-03. Sales increased by about 3%.

Eveready has started to focus on outsourcing production. They are trying to improve their quality, and reduce costs. They had a very tough time due to the rising cost of input materials in global markets, especially non-ferrous materials like zinc and brass. Due to high demand for cheap flashlights in the market, they have started to source flashlights from small scale industry units and price them attractively. They have a market share of 43% in zinc carbon batteries, and have launched a rechargeable torch, and 2 models of CFL rechargeable lanterns. They have also started to manufacture cordless telephone batteries and AAA batteries.

The company is also concentrating on controlling costs, and increasing the yield and efficiency of their workers. They are planning to further improve their distribution channels for packed tea. They are also initiating capacity enhancement at their tea factories. The tea plantation sector had to face a number of problems, including low prices, increasing cost of production, declining export volume and price realisation, in 2003-04. A general over-supply situation and the slowdown of consumption growth adversely affected prices. Eveready has initiated various steps to rationalise the operations of their tea estates.

Question :

Discuss the business trends shown in caselet and what steps Eveready Industries have taken to cope up with them ?
