

PGDM (Retail Management), Batch 2015-17
Managerial Economics and Overview of Macroeconomics
Subject Code RM 104
Batch 2015-17

Trimester – I, End-Term Examination: September 2015

Time allowed: 2.5 Hours

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	$3 \times 5 = 15$
B	2 out of 3 (Long Questions)	10 Marks each	$2 \times 10 = 20$
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A: Please attempt any three out of the five given questions (5 marks each)

1. Briefly list and elaborate on the factors that will affect demand for products purchased on the internet and real estate industry in the next several years. Do you think these factors will cause the demand to increase or decrease
2. What do you understand by Floor price and Ceiling price? Explain with the help of examples.
3. Explain the difference between time series data and cross sectional data with the help of examples.
4. Why is the law of diminishing returns considered a short run phenomenon
5. What do you understand by Fixed Cost, Variable Cost, Total Cost, Average Cost and Marginal cost of Production

Section B: Please attempt any two out of the three given questions: (10 marks each)

1. i) Why do you think that whenever Government wants to increase revenues, they usually propose an increase in taxes on cigarettes and alcohol.
ii) "Elasticity of demand affects a business's ability to increase the price of a product". Discuss the factors which impact elasticity of demand.
2. How does economies of scale relate to returns of scale. Also define economies of scope
3. Discuss the three methods of calculating Gross Domestic Product

Section : C

Case Study

(7.5 marks each)

Give your answers for the following case.

The poultry industry in India was fragmented, regional, and localized with small poultry farms operating, the level of competition being reasonable even across regions. The small players gave low priority to quality standards and hygiene. Godrej Agrovet, started in 1971, was the largest producer of animal feed in the country. In 1988 it pioneered the concept of processed chilled chicken by launching the "Real Good" brand of Chicken. This was the first time any brand was associated with the poultry industry. Real Good Chicken, priced higher than the local, unbranded, frozen or live chickens, was promoted for its tenderness, the chicken being curd at 6 weeks. The adline was "it is more juicy, marinates better, and easy to cook."

The hygiene and freshness were emphasized by the fact that it was sealed, sold with correct weight, and the date of packaging printed. Real Good Chicken created segment for itself. It reestablished its position in 2004 to achieve greater acceptance among consumers by driving home the point "chilled" not "frozen" through Television Commercials (TVC) it soon spread to other parts of South Indian from Bangalore to Chennai, Hyderabad , Mumbai , and Goa.

In the eastern part of India , Arambagh Hatcheries, established in 1973, launched the Arambagh Chicken in 1992-1993 through aggressive TVC in the afternoon targeting Bengali housewives. Arambagh went a step further introducing fried chicken, tandoori chicken, kebabs, drumsticks and a whole range of "Ready-to-eat" items at its specialized retail outlets like mini supermarkets. Interestingly, all these items were sold for not more then Rs. 25 per portion. Arambagh Hatcheries also attracted a large number of customers interested in buying at the lowest price with consistent quality and stability of supply. Kenilworth Hotel in Kolkata was one of its earliest big buyers. The company negotiated long term price contracts with these large buyers and protected itself form competitive markets. The success of their strategy is visible in their sales figures. Arambagh Hatcheries have grown from Rs. 8 crores in 1992 to Rs.150 Crores in 1998. Some other players who entered the market and used product differentiation as a sales strategy are suzannes of Kerala, Suguna of Coimbatore, and Al Kabir of Chennai.

- 1) On the basis of the above given case study, discuss the market structure that the poultry industry is operating in
- 2) Discuss the determination of equilibrium of a firm operating in the market structure given in the case study