



GL BAJAJ

Institute of Management & Research

Approved by A.I.C.T.E., Ministry of HRD, Govt. of India

Roll No.....

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) – 201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2017-19) END TERM EXAMINATION (TERM -II)

Subject Name: **Managerial Economics**

Time: **02.00 hrs**

Subject Code: **PG-13**

Max Marks: **45**

Note:

1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.
2. All questions are compulsory in Section A, B & C. Section A carry 2 Case Studies of 10 marks each, Section B carries 2 questions of 7.5 marks each and Section C carries 5 questions 2 marks each.

SECTION - A

10×02 = 20 Marks

Question 1: Case Study: Booming Business: Indian Hotel Industry

Based on the general features and facilities offered, the Ministry of Tourism, Government of India classifies hotels into 7 categories: five star deluxe, five star, four star, three star, two star, one star and heritage hotels. These apart there are hotels in the unorganized sector that have significance presence across the country and cater primarily to economy tourists. Encouraged by the boom in tourism and increased spending on leisure, there has been an influx of globally renowned groups by way of joint venture.

The premium and luxury segment (high end five star deluxe and five star hotels) mainly cater to the business and up market foreign leisure travelers and offer a high quality and wide range of services. These constitute about 30% of the hospitality industry in India. The mid market segment (3 and 4 star hotels) offers most of the essential services of luxury hotels without the high costs since the tax component of this segment are lower compared with premium segment. The Budget Segment comprises 1 and 2 star hotels, which provide inexpensive accommodation to the highly price conscious segment of travelers. Heritage hotels are architecturally distinctive properties such as palaces and forts, built prior to 1950, that have been converted into hotels.

In the face of stiff competition, hotels in India have come up with ingenious ways to attract customers. These hotels distinguish themselves with bed, bathroom, amenities and complementary breakfast. Other facilities may include innovations in food and beverage products spa, fitness center or other lifestyle facilities. The ongoing revolution in cuisine has been accompanied by innovations such free standing, and niche restaurants.

Case Questions:

- A. Do you think the hotel industry is monopolistically competitive? What all features of the hotel industry are suggestive of monopolistic competition?
- B. Comment of differentiation offered by hotels in India

P.T.O.

Question 2: Case Study: Manufacturing V/S Service Sector

Growth rate of industrial sector in India is estimated to be somewhat moderate, lowering to 5.2 percent in 2016-17 from 7.4 percent in the last fiscal. During April-November 2016, a modest growth 0.4 percent has been observed in the Index of Industrial Production (IIP) because of strong growth in electricity generation offset by moderation in mining and manufacturing. The eight core infrastructure supportive industries, viz. coal, crude oil, natural gas, fertilizers, refinery products, steel, cement and electricity that have a total weight of nearly 38 percent in the IIP, have registered a cumulative growth of 4.9 percent during April-November, 2016-17 as compared to 2.5 percent during April-November, 2015-16. On the other hand, service sector contributed around 66.1 percent of its Gross Value Added (GVA) growth in 2015-16. Overtime, the share of service sector in GDP has been increasing, while agriculture is consistently losing ground. In the last decade, share of service surpassed the combined share of agriculture and industry, making it the most important contributor to the country's GDP.

Many new initiatives taken by the Government in the form of Make in India, Invest India, Startup India, and e-biz Mission Mode Project under the national e-governance plan are aimed at providing the much needed boost to the manufacturing sector.

Case Questions:

- A. Discuss the case in light of the relative role of different sectors in Indian GDP.
- B. Do you think government's recent initiatives can improve the performance of manufacturing sector?

SECTION - B

7.5×02 = 15 Marks

Question 3: Explain the law of variable proportions with its various stages. What are the basic assumptions behind this law?

Question 4: Consider a firm that wants to enter the mobile phone industry. Which are the techniques that it can apply to forecast demand for its mobile?

SECTION - C

02×05 = 10 Marks

Question 5(A): If the price of milk increases, what do you think will happen to the demand for cornflakes and why?

Question 5(B): Explain the concept of opportunity cost with the help of example?

Question 5(C): Why are Marginal Cost (MC) and Average Variable Cost (AVC) curves U-shaped?

Question 5(D): Which of the following commodities has most price inelastic demand? Give reasons for your answer. (i) Soap (ii) Salt (iv) Ice-cream

Question 5(E): Which one among the theories on objectives of firm do you think is the most relevant in present business scenario in India?