

SECTION A

Answer any FIVE of the following questions. Each question carries two marks. (5x2=10)

- 1) Define managerial economics.
- 2) What is meant by indifference curve?
- 3) State any four determinants of demand.
- 4) What is a Budget line?
- 5) What is meant by consumer's equilibrium?
- 6) Define PCC.
- 7) What is meant by elasticity? Give one example.

SECTION B

Answer any TWO of the following questions. Each question carries five marks. (2x5=10)

- 8) Analyze the relationship of Managerial Economics with the following:
 - a) Marketing
 - b) Finance
- 9) What is demand Forecasting? Explain the various techniques involved in demand forecasting.
- 10) Distinguish between shift in demand curve and movement in demand curve with diagrams.

SECTION C

Answer the following compulsory question. The question carries ten marks. (1x10=10)

11) Case study- Price of Jewellery- Symbol of Quality Provided

Price of a commodity is known to have a direct influence on demand for it. This follows from the Law of Demand. But in the case of Tanishq jewellery this does not hold true, making it an exception to the Law. This can be explained in terms of Veblen effect, where the price of a commodity is regarded as an indicator of its quality. Sometimes certain commodities are demanded just because they happen to be expensive or prestige goods, and hence have a "snob appeal". These are generally luxury articles that are purchased by the rich as status symbols. However, the demand for Tanishq jewellery is independent of this price factor because each piece of jewellery represents a promise of quality and purity, each piece is something different and new, each piece is something special.

• Designs Offered

The average Indian has always been very discerning when it comes to the purchase of jewellery. However, with the spread of globalization customers want the best quality in terms of designs. Best quality is provide to meet the international standards. Creativity is the buzzword. The brand's designs address the needs of the modern woman. Tanishq had crafted award-winning designs in 18 karat and 24 karat gold and gemstone jewellery. It's new range looks beautiful and yet is affordable and feels light.

- **Promotional Schemes**

With cutthroat competition in the market, every company comes up with schemes to woo the customers. These offers are all the more visible during the festival season. Purchase of jewellery can happen any time of the year like - for birthdays, anniversaries, gifting, impulse purchases, etc. and of course for marriages as well.

- **Discounts**

Discounts play a major role in determining the demand for a product. Tanishq periodically offers discounts. In 2002 it offered a vast gamut of discounts in its showrooms in Bihar during the festival of Dhanteras resulting in sales of 5 crore in one particular store.

- **Guarantee**

Tanishq has managed to establish its position in the market because its quality products are backed by a guarantee certificate. Each item of jewellery that is sold is accompanied by a guarantee card that states the weight of the gold/platinum as well as the cartage of the gemstones used.

Question

1. Analyse the role of other factors (other than price of products) in influencing the demand for Tanishq's products.