

This question paper contains two (02) pages comprising of four (04) questions

AGRICULTURAL & FOOD ENGINEERING DEPARTMENT
INDIAN INSTITUTE OF TECHNOLOGY, KHARAGPUR
Mid-Spring Semester Examination, 2010

Date of examination: 22nd February, 2010 (Monday) / A.N.

Full marks: 30

Course : M. Tech. ASM (06) + UG-DD (03) + UG-4 yr. Course (06)

Number of students: 15

Subject no. & name : AG 41010 Agro Finance & Marketing Management +
AG 60116 Agricultural Finance & Marketing

Duration: two (02) hrs.

Instructions : **USE SEPARATE ANSWER SCRIPT FOR EACH OF THE GROUPS A & B**

GROUP - A : ANSWER ALL QUESTIONS

#Q1] With reference to the article 'The Power of the Market' by Prof. Milton Friedman, answer the following questions:

(i) Illustrate the three interrelated functions of 'The price mechanism in a voluntary exchange economy' propounded by Prof. Friedman – that unravels the mystique of Adam Smith's idea of 'invisible hand'.

(ii) In the said article, Prof. Friedman while referring to a brilliant talk by a Hungarian Marxist economist opined, "He (the Hungarian economist) had rediscovered for himself Adam Smith's invisible hand – a remarkable if somewhat redundant intellectual achievement". Why was the achievement of the Hungarian economist adjudged 'remarkable' yet 'redundant'?

[marks: 3 + 2 = 5]

#Q2] (a) Present a schematic of four-factor *marketing-mix tools* including the elements of the sub-set belonging to each tool – that McCarthy popularized.

(b) Marketer of a branded food item has identified the sales-response function being as follows:

$$Q = 10^5 \cdot P^{-2} \cdot A^{0.125} \cdot S^{0.25}$$

Where,

Q = sales volume per quarter (= total number of packages of the brand sold every three months)

P = list price of each package (Rs / package)

A = advertisement money spent in each quarter (Rs / quarter)

S = promotional money spent in each quarter (Rs / quarter).

Marketing fixed cost = Rs 38000 /- per quarter

Unit variable (marketing operation) cost of the product = Rs 10 / package.

(i) Compute the optimal marketing mix (P,A,S) that should maximize the profit per quarter [assume: (1)commission to retailers on the list price is zero, (2)each of the parameters P,A,S is independent of the other].

(ii) What is the sales volume per quarter that maximizes the profit?

(iii) Compare and comment on the *sensitivity* of sales-volume Q to the parameters P, A, S.

[marks: 4 + (3+2+2) = 11]

#Q3] (a) Define the term: *Brand*.

(b) In the food sector in India, some products are retailed exclusively in non-branded form, some are in both branded and non-branded form and some are exclusively in branded form. What could be the reasons for such non-uniform evolution of branding in the food sector in India?

(c) Assume: you are a food marketer. Presently you are planning to launch a brand of *tomato ketchup* and a brand of *tomato sauce* in two different product categories. What information in regard to *ingredients* and *usage* would you provide onto the label of the package used for each of your brands so that consumers perceive each of your brands as belonging to different product category?

[marks: 1 + 3 + 2 = 6]

Continued in page: 02 overleaf →

GROUP – B

#Q4] Answer the following questions – each carrying equal mark(s):

- (i) How the study of Financial Management may be useful in your personal life?
- (ii) Differentiate: Cashier, bookkeeper and financial manager.
- (iii) What is a negotiable instrument? Give two examples.
- (iv) How is a debenture different from a share?
- (v) Any one: What are different types of preference shares? Or, what are different types of incomes relevant to an agricultural farm?
- (vi) What are the financial functions? Explain any one.
- (vii) Any one: How fund raising is done for a firm? Or, what precautions should be taken in doing so?
- (viii) What are Capital and Wealth? Which one is more important for a firm? Explain why?

[marks: 1 x 8 = 8]

~~~~~ *Good Luck* ~~~~~