First Semester M.B.A. Degree Examination
December 2006

BUSINESS ADMINISTRATION
101 : Principles and Practice of Management

Time : 3 Hours   Max.Marks: 75

Answer all sections.

SECTION - A (1x15=15)
(Compulsory)

1. How does scientific school of management differ from the behavioural school of management? Discuss their contributions to the growth of Management discipline.

SECTION - B (5x9=45)

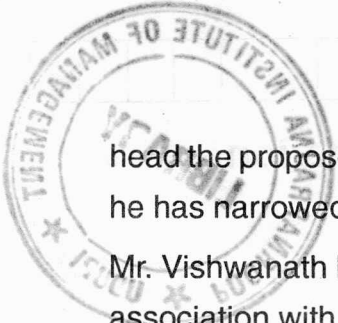**Answer any FIVE of the following. Each question carries nine marks.**

2. What are the four man activities of the management process? Explain them with suitable examples.

3. Define management by objectives. What are its strengths and weaknesses?

4. What is "Total quality management" and how does it represent a challenge to prior management practices?

5. What form of organisation structure is best suited in a stable environment?

6. What do you mean by "Delegation of Authority"? Explain factors that determine "Effective Delegation".

7. Explain the planning process with suitable examples.

8. Why is control needed? Discuss the steps in the control process.

9. Write notes on:

    a) Business Process Re-engineering   b) Bench Marking   c) Seven - S Model

SECTION - C (1X15)
(Compulsory)

10.   Mr. Rajan Kumar is the Managing Director of a soaps manufacturing company. To increase sales, the Board of Directors wanted to start a full-fledged marketing department. Mr. Kumar is entrusted with the task of finding a suitable candidate to

head the proposed marketing department. After considering a number of candidates, he has narrowed down his choice to two persons: Vishwanath Dutt and Rajnarain.

Mr. Vishwanath Dutt has an excellent track record in the company. During his fruitful association with the company, to be precise ten years, he has always shown a high degree of enthusiasm and initiative in his work. He is still young (35 years) dynamic and aggressive. He is result-oriented and is more interested in ends rather than means. One of the workers, testifying his leadership qualities, remarked thus: "you will know where you stand when you work with him. When you have done a good job, he lets you know it". Mr. Dutt is willing to shoulder additional responsibilities. He decides things quickly and when action is required, he is 'always on his toes'.

During his 15 years tenure in the Company, Mr. Rajnarain has endeared himself to all his colleagues by his superior workmanship and pleasing manners. He always believes in the principle of employe participation in the decision making process. Unlike Mr. Dutt, he encourages his subordinates to come out with innovative ideas and useful suggestions. Before arriving at a decision he always makes it a point to consult his subordinates. Not surprisingly, all his subordinates are very pleased to work under him and praise his leadership qualities. They readily admit that the participative climate has encouraged them to use their talents fully in the service of the organisation. Company records also bear evidence for the increase in the production soon after Rajnarain became the head of his department.
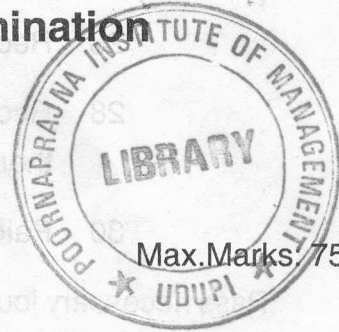
Questions:

1. Analyse the leadership qualities and styles of Mr. Dutt and Mr. Rajnarain.

2. Between the two people, whom would you recommend for the position of a marketing manager? Why?

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First Semester M.B.A. Degree Examination
December 2006

BUSINESS ADMINISTRATION

102 : Accounting for Managers

Time : 3 Hours

Max.Marks : 75

Answer all sections.

SECTION - A (2x12=24)

Note : Answer any TWO questions. Each question carries 12 marks.

1. What is meant by going concern concept and state what is its relevance? Under what circumstances do you assume that a business is not a going concern?

2. Explain various financial decisions. Are financial decisions continuous or sporadic? Give reasons

3. Discuss the utility of cost accounting to various fasties.

SECTION - B (3x2=36)

Answer any THREE of the following. Each question carries 12 marks.

4. Describe various methods of providing depreciation. State the methods of depreciation as recommended by Companies Act and Income Tax Act in India.

5. Keshav Menon, after completing his Ph.D in geology, established Terrafiles Ltd., to provide geological data analysis service to mining enterprises. The company was engaged in the following transactions in October, 2005:

   October 1   Began business by depositing Rs 30,000 in bank in the name of the Company in exchange for 3,000 shares of Rs. 10 each of the Company.

   2   Hired a computer on a monthly rental of Rs. 4,000

   3   Paid two months' office rent in advance, Rs 1,000

   4   Purchased a typewriter on credit, Rs. 1,000

   5   Ordered supplies, Rs 800

   15   Billed customers for services provided, Rs. 18,300

   18   Paid electricity bill for the month, Rs. 260

23   Received cash for services to be provided later, Rs. 9,800

28   Received the supplies ordered on October 5 and agreed to pay for them on November 13

30   Paid salaries for October, Rs. 3,500

Pass necessary journal entries, post them to respective ledger accounts and prepare a trail balance as on October 31, 2005.

6.   The profit and loss accounts of Sapna Company, Udupi, for three years are shown below :

	2002	2003	2004
Net Sales (Rs)	73,000	82,000	96,000
Cost of goods sold	49,000	51,000	73,000
Gross profit	24,000	31,000	23,000
Less: Operating Expenses	9,000	11,000	14,000
Net Profit	18,000	20,000	9,000

The accountant recently discovered that the 2002 ending inventory has been understated by Rs. 5,000. What is the effect of the error on the company's net profit and owners' equity for each of the three years?

7.   Mr. X, a holder of 10,000 shares of Zenith Computers Limited, paid only application and allotment money of Rs. 2 and Rs 4 respectively (including share premium of Re. 1 at the time of allotment). He did not pay the subsequent calls on a face value of Rs. 10 per share.

The directors, after giving due notice to Mr. x, passed a resolution for forfeiture of shares allotted to him and reissued the same to Mr. Z at Rs. 8 per share fully paid. Mr. Z paid the full amount in the installment.

Record the resolution of forfeiture and reissue of forfeited shares in the books of Zenith Computers.

8.   Dr. Reddy, after retiring from a Government Pharmaceutical Company, started Reddy Pharma Company in Bangalore on 1st April, 2004 and provides the following balances for the year ending 31st March, 2005:

Particulars	Debit (Rs)	Credit (Rs)
Drawings and Capital	12,000	90,000
Purchases and Sales	4,95,000	6,76,000
Debtors and Creditors	84,000	38,000
Bills receivable and Payables	4,900	3,700
Opening balance	40,000	
Plant and Machinery	56,000	___
Furniture	8,500	___
Cash at Bank	21,650	___
Building Rent	9,600	___
Salaries	16,910	___
Printing and Postage	3,800	___
Traveling	7,900	___
Other expenses	41,800	___
Insurance	1,040	___
Suspense account	3,000	___
Telephone	1,600	___
Total	**8,07,700**	**8,07,700**

Prepare Reddy's Trading, Profit and Loss Account for the year ended 31st March, 2005 and a Balance Sheet as on that date after considering the following:

a)   Value of Closing Stock amounted to Rs. 50,000

b)   Depreciate machinery at 10% p.a and furniture at 5% p.a.

c)   Suspense account includes money advanced to sales manager who was sent to Delhi for business trip. He has spent Rs. 900 for miscellaneous expenses.. The balance is yet to be refunded by him.

d)   The bad debts amounted to Rs. 2,000 and Dr. Reddy has a policy of maintaining 2% of the remaining debtors as provision for future bad debts.

SECTION - C (1X15)

(Compulsory)

9. The books and records of Mr. Sasthal Manufacturing Co. present the following data for the month of August, 2004.

   Direct Labour cost Rs. 16,000 (160% of Factory overhead)

   Cost of goods sold Rs. 56,000

	August 1	August 31
Rawmaterials	8,000	8600
Work - in process	8,000	12,000
Finished goods	14,000	18,000

   Other data:

Selling expenses	3.400
General and Administration Exp.	2,600
Sales for the month	75,000

   You are required to prepare a statement showing cost of goods manufactured and sold and profit earned.

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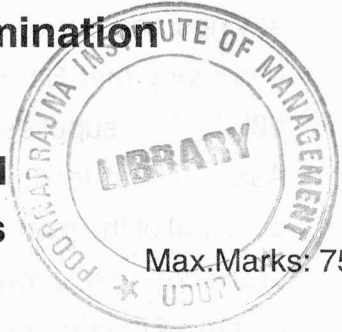# First Semester M.B.A. Degree Examination
December 2006

BUSINESS ADMINSITRATION

103 : Economics for Managers

Time : 3 Hours

Max.Marks: 75

Answer all sections.

SECTION - A (1x15=15)

(Compulsory)

1.   Describe the significance of effective demand in achieving full employment in an economy.

SECTION - B (5x9=45)

Answer any FIVE of the following. Each question carries nine marks.

2.   Define elasticity of demand and explain its various forms and their application in managerial decision making.

3.   "Trade cycle is purely a monetory phenomenon" - Discuss.

4.   Describe the price - output determination under oligopoly.

5.   Compare and contrast any two theories of profit.

6.   What do you mean by optimum input combination? How can it be achieved?

7.   Discuss the various techniques of forecasting demand for a new product.

8.   Distinguish between Quantitative and Qualitative instruments of credit control.

9.   Enumerate the usefulness of the cost-vlolume- profit analysis.

SECTION - C (1X15)

(Compulsory)

10.   **Read the following case and answer the questions given below.**

Samantha Jones has a job as a pharmacist earning $30,000 per year, and she is deciding whether to take another job as the manager of another pharmacy for $40,000 per year or to purchase a pharmacy that generates a revenue of $200,000 per year. To purchase the pharmacy, Samantha would have to use her $20,000

savings and borrow another $80,000 at an interest rate of 10 percent per year. The pharmacy that Samantha is contemplating purchasing has additional expenses of $80,000 for supplies, $40,000 for hired help, $10,000 for rent, and $5,000 for utilities. Assume that income and business taxes are zero and that the repayment of the principal of the loan does not start before three years. (a) What would be the business and economic profit if Samantha purchased the pharmacy? Should Samantha purchase the pharmacy? (b) Suppose that Samantha expects that another pharmacy will open nearby at the end of three years and that this will drive the economic profit of the pharmacy to zero. What would the revenue of the pharmacy be in three years.? (c) What theory of profit would account for profits being earned by the pharmacy during the first three years of the operation? (d) Suppose that Samantha expects to sell the pharmacy at the end of three years for $ 50,000 more than the price she paid for it and that she required a 15 percent return on her investment. Should she still purchase the pharmacy?

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First Semester M.B.A. Degree Examination
December 2006

BUSINESS ADMINISTRATION
104 : Indian Business Environment

Time : 3 Hours   Max.Marks: 75

Answer all sections.

SECTION - A (1x15=15)
(Compulsory)

1. Why is economic planning necessary? What has been our experience with planning?

SECTION - B (5x9=45)

Answer any FIVE of the following. Each question carries nine marks.

2. "Environmental scanning should provide inputs for strategic decision making." Elaborate.

3. How does culture influence business?

4. What are the reforms initiated in the capital market of India?

5. Write a note on the present state government's governance and its impact on IT business.

6. Bring out the important features of the basic economic systems.

7. Explain the procedure for registration of patents.

8. Briefly list the exemptions under CST Act.

9. Explain briefly the Securities Contracts (Regulation) Act, 1956.

SECTION - C (1X15)
(Compulsory)

10.   Balsara Hygine Products Ltd., which had some fairly successful household hygiene products introduced in 1978 a toothpaste, promise, with clove oil (which has been traditionally regarded in India as an effective deterrent to tooth decay) as a unique selling proposition. BY 1986 Promise captured a market share of 16 per cent and became the second largest selling toothpaste brand in India. There was, however, an erosion of its market share later because of the fighting back of the multinationals.

Hindustan Lever's Close-Up gel appealed to the consumers, particularly to the teens and young, very well and toppled Promise from the second position.

Supported by the Export Import bank of India's Export Marketing Finance (EMF) programme and development assistance, Balsare entered the Malaysian market with Promise and another brand of tooth past, Miswak.

The emphasis on the clove oil ingredient of the Promise evoked good response in Malaysia too. There was good response to Miswak also in the Muslim dominated Malaysia. Its promotion highlighted the fact that miswak (Latin name : Salvador Persica) was a plant that had been used for centuries as a tooth cleaning twig. It had reference in Koran. Quoting from Faizal -E-Miswak, it was pointed out that prophet Mohammed used "miswak before sleeping at night and after awakening". The religious appeal in the promotion was reinforced by the findings of scientists all over the world, including Arabic ones, of the antibacterial property of clove and its ability to prevent tooth decay and gums.

Market intelligence revealed that there was a growing preference in the advanced counties for nature based products. Balsara tied up with Auromere Imports Inc. (AAII), Los Angeles. An agency established by American followers of Aurobindo, an Indian philosopher saint. Eight months of intensive R&D enabled Balsara to develop a tooth paste containing 24 herbal ingredients that would satisfy the required parameters. Auromere was voted as the No.1 toothpaste in North Eastern USA in a US Health magazine survey in 1991.

The product line was extended by introducing several variants of Auromere. A saccharine free toothpaste was introduced. It was found that mint and menthol were taboo for users of homeopathic medicines. So a product free of such mints was developed. Automere Fresh mint for the young and Automere Cina Mint containing a combination of cinnamon and peppermint were also introduced. When the company realised that Auromere was not doing well in Germany because of the forming agent used in the product, it introduced a chemical free variant of the product.

Questions:

1. Explain the environmental factors which Balsara used to its advantage.
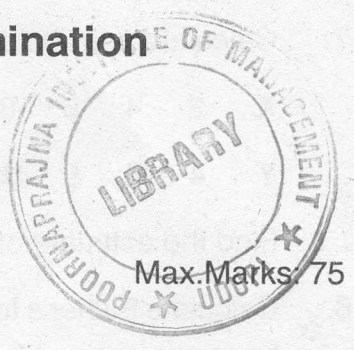2. What is strength of AAII to market ayurvedic toothpaste in USA?

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First Semester M.B.A. Degree Examination
December 2006

BUSINESS ADMINISTRATION

105 : Quantitative Analysis

Time : 3 Hours

Max.Marks: 75

Note: Answer all sections.

SECTION - A (2x12=24)

Note : Answer any TWO questions, Each question carries 12 marks.

1. Explain the various properties of determinants.

2. What is meant by classification? What precautions are to be taken in selecting class-intervals?

3. What are the main components of time series? Show how a time series is built up from these components with an example.

SECTION - B (3x12=36)

Note : Answer any THREE of the following. Each question carries 12 marks.

4. A firm under non-perfect competition has the following total cost and demand functions.
   $C = 20 + 2x + 3x^2$, $p = 50 - x$

   i) Find the values of p and x that maximise profit.

   ii) An excise tax is imposed @ Rs 5 per unit.

   Compute the profit maximising values of p and x in the post - tax situation.

   iii) Find the rate of excise tax, f, that would fetch maximum tax revenue to the government.

5. Evaluate the following integrals

   i) $\int \left[\dfrac{e^{2\log x} - 1}{e^{2\log x} + 1} \right] \dfrac{1}{x} \, dx$ ii) $\int \dfrac{xe^x}{(1+x)^2} \, dx$

6. The mean of 200 items is 48 and their standard deviation is 3. Find the i) Sum of all the items and ii) the sum of squares of all the items.

7. Calculate correlation and regression coefficient from the following date.

   X : 2   4   6   8   10   12   14

   Y : 4   2   5   10   4   11   12

   Find the estimate of Y when X=13

8. Calculate Fisher's Ideal Index from the data given below and show that it satisfies the time reversal and factor reversal tests.

Commodity	Base Year		General Year	
	Quantity	Price	Quantity	Price
A	12	10	15	12
B	15	7	20	5
C	24	5	20	9
D	5	16	5	14

SECTION - C (1X15)
(Compulsory)

9. Find the coefficient of correlation between the age and the sum assured from the following table.

Sum assured in Rs.

Age-Groups	10,000	20,000	30,000	40,000	50,000
20 - 30	4	6	3	7	1
30 - 40	2	8	15	7	1
40 - 50	3	9	12	6	2
50 - 60	8	4	2	–	–

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