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301

**Third Semester M.B.A. Degree Examination, November/December 2011**  
**MANAGEMENT ACCOUNTING**  
**(Regular and Repeaters)**

Time : 3 Hours

Max. Marks : 75

**SECTION – A**

**Note :** Answer **any two** questions. **Each** question carries **12** marks. Answer to the question should **not** exceed **6** pages. **(2×12=24)**

1. Examine the role of management accounting in evaluating managerial decisions involving cost-benefit analysis.
2. Bring out the main features of ZBB. What is its relevance in a cost management programme ?
3. Define the concept of cost of capital. What is its importance in the analysis of financial decisions ?

**SECTION – B**

**Note :** Answer **any three** questions. **Each** question carries **12** marks. Answer to the question should **not** exceed **6** pages.

4. Consider the following data relating to a product line

Sales (units) (at full capacity)	2,00,000
Selling price P/V (Rs.)	150
Variable cost P/V (Rs.)	80
Fixed costs (Rs. lakh)	100

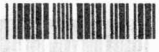
**P.T.O.**



**Required :**

- 1) PV Ratio
- 2) BEP (Rs.)
- 3) Required sales for a target profits of Rs. 25 lakh.
- 4) By what percentage selling price to be increased to remain at the same target profit level even after an increase in variable costs by 10 pc ?
5. From the following particulars relating to a business unit, you are required to prepare the Balance Sheet.

Current ratio	2
Working capital	Rs. 4,00,000
Capital block to current assets	3 : 2
Fixed assets to turnover	1 : 3
Sales (Cash/credit)	1 : 2
Creditor's velocity	2 months
Debtor's velocity	3 months
Stock velocity	2 months
<b>Capital block</b>	
Net-profit 10% of turnover	
Reserve 2½% of turnover	
Debenture/share capital	1 : 2
Gross profit ratio	25% on sales.



6. What do you mean by key-factor analysis ? Discuss its importance with the help of the following example.

	Product line		
	X	Y	Z
Annual sales (Rs. lakh)	25	30	15
PV Ratio (%)	40	50	60
Material cost as PC of VC	20%	40%	60%
Labour cost as PC of VC	60%	50%	30%
Fixed costs (Rs. lakh)	10	15	5

Assume that material and labour are in short supply.

7. PT Ltd. furnishes you the following Balance Sheets on 31<sup>st</sup> March 2010 and 2011.

Liabilities	2010	2011	Assets	2010	2011
Share capital	70,000	74,000	Bank Balance	9,000	7,800
Bonds	12,000	6,000	Accts. receivable	14,900	17,700
Accts. payable	10,360	11,840	Inventories	49,200	42,700
Provision for doub. debts	700	800	Land	20,000	30,000
Reserves and surplus	10,040	10,560	Goodwill	10,000	5,000
	<b>1,03,100</b>	<b>1,03,200</b>		<b>1,03,100</b>	<b>1,03,200</b>

Following additional information has also been supplied to you :

- i) Dividends amounting to Rs. 3,500 were paid in 2010-11.
- ii) Land was purchased for Rs. 10,000.
- iii) Rs. 5,000 written off goodwill.
- iv) Bonds of Rs. 6,000 were paid in 2010-11.

You are required to prepare a CF statement.

8. Explain the factors influencing working capital requirements of a firm.



## SECTION - C

(1×15=15)

**Note : Compulsory.** Answer to the question should **not** exceed 6 pages.

9. Moorite Electronics Limited is considering the purchase of a machine. Two machines, A and B are available each costing Rs. 50,000. In comparing the profitability of the machines, a discount rate of 10% is to be used. Cash inflows after taxation are expected be as follows :

## Cash Flows After taxes

Year	Machine A	Machine B
	Rs.	Rs.
1	15,000	5,000
2	20,000	15,000
3	25,000	20,000
4	15,000	30,000
5	10,000	20,000

Indicate which machine would be a more portable investment under the various methods of ranking investment proposals. Give the reasons for your answer.



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302

**Third Semester M.B.A. Examination, November/December 2011****BUSINESS ADMINISTRATION****Operations Research  
(Regular and Repeaters)**

Time : 3 Hours

Max. Marks : 75

SECTION – A

(2×12=24)

**Note :** Answer **any two** questions. Each question carries **12** marks. Answer to each question should **not** exceed **6** pages.

1. Explain the concept of Duality giving a suitable example.
2. Indicate the difference between decision-making under risk and uncertainty in statistical decision theory.
3. What you mean by a float ? Explain the various floats in Network Analysis.

SECTION – B

(3×12=36)

**Note :** Answer **any three** of the following. Each question carries **12** marks. Answer to **each** question should **not** exceed **6** pages.

4. A machine costs Rs. 15,000. The running cost for the different years are given below :

Year	1	2	3	4	5	6	7
Running Cost	2500	3000	4000	5000	6500	8000	10000

Find the optimum replacement period if the capital is worth 10% and has no salvage value.

P.T.O.



5. Cars arrive at a petrol pump, having one petrol unit, in Poisson fashion with an average of 10 cars per hour. The service time is distributed exponentially with a mean of 3 minutes. Find :

- i) average number of cars in the system.
- ii) average waiting time in a queue.
- iii) average queue length
- iv) the probability that the number of cars in the system is 2.

6. We have five jobs each of which must go through the machines A, B and C in the order ABC. Determine the sequence that will minimize the total elapsed time.

Job No.	1	2	3	4	5
Machine A	5	7	6	9	5
Machine B	2	1	4	5	3
Machine C	3	7	5	6	7

7. Solve the L.P.P.

$$\text{Minimise } Z = -x_1 + 2x_2$$

$$\text{s.t. } -x_1 + 3x_2 \leq 10$$

$$x_1 + x_2 \leq 6$$

$$\text{and } -x_1 - x_2 \leq 2, \quad x_1, x_2 \geq 0$$

8. For the game with payoff matrix

		Player A		
		1	2	3
Player B	1	-1	2	-2
	2	6	4	-6

Determine the best strategies for players A and B and also the value of the game for them. Is this game (i) fair, (ii) strictly determinable.



SECTION – C  
(Compulsory)

(1×5=5)

Note : Answer to the question should not exceed 6 pages.

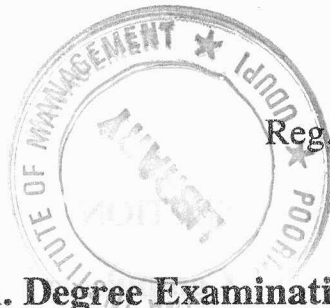
9. A project has the following activities and other characteristics :

Activity	Preceding Activity	Time estimates (in weeks)		
		Optimistic	Most likely	Pessimistic
A	-	4	7	16
B	-	1	5	15
C	A	6	22	30
D	A	2	5	8
E	C	5	11	17
F	D	3	6	15
G	B	2	7	9
H	E, F	1	4	7
I	G	4	19	28

- i) Draw the PERT network diagram.
- ii) Identify the critical path.
- iii) Prepare the activity schedule for the project.
- iv) Determine the mean project completion time.
- v) Find the probability that the project is completed in 36 weeks.

If the project manager wishes to be 99 per cent sure that the project is completed on June 30, 1991, when should he start the project work ?

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303

**Third Semester M.B.A. Degree Examination, Nov./Dec. 2011**  
**BUSINESS ADMINISTRATION**  
**Human Resource Management**  
**(Regular and Repeaters)**

Time : 3 Hours

Max. Marks : 75

*Note : Answer all Sections.*

**SECTION – A**

**(1×15=15)**

**Compulsory**

**Note :** Answer to this question should not exceed 6 pages.

1. Define Worker's Participation in Management (WPM). Briefly discuss the pre-requisites for effective worker's participation.

**SECTION – B**

**(5×9=45)**

**Note :** Answer any five questions. Each question carries nine marks. Answer to each question should not exceed five pages.

2. Briefly discuss any two recruitment processes and their advantages and disadvantages.
3. What are the important factors for determining wage structure of an organisation ? List out merits of any incentive scheme.
4. Describe the 360 degree appraisal with the help of examples.
5. Discuss the concept of relevance of employee discipline. Identify the important methods of grievance handling, with examples.
6. Critically elaborate the challenges associated with HRM in India.
7. Explain how training can be made as a strategic function of an organisation.
8. Discuss the needs, purpose and objectives of career planning in today's rapidly changing environment.
9. Explain the concept of organisational learning with examples.

**P.T.O.**





## SECTION - C

(1×15=15)

## Compulsory

**Note :** Answer to the question should not exceed 6 pages.

10. Analyse the following case and answer the questions given at the end.

Mrs. Deena joined Syndicate Bank as a clerk after M.Sc., in 1968. She was aspiring for the promotion to the officer's post. She completed CAIB to which certain weightage is given in promotion. After getting the eligibility service in 1972 she applied for an officer's post in the bank under the promotion quota. She could not get the promotion as her score in the written test was quite low. But at that time she was transferred to her native town i.e., Rajahmundry. She tried for an officer's post several times but could not succeed. She was vexed with her trials. But she was elected to the office of President of local branch of Bank Employees Union. Since then she has become a problem to the management. She could solve a number of problems of the members of her union.

Consequently almost all the clerks of the branch joined her union. However, she has been continuing her trials for the officer's post. She was not given the promotion in 1980 though she got more than the minimum score in the written test, on the ground that her interview score was less than the minimum. In fact, the confidential report of the branch manager regarding her trade union activities worked against her in this case. With this failure she decided not to make any further trials and activated the trade union activities. Further, she started a business of dealership in automobiles. She succeeded, in diverting the deposits of the business community in her bank to other banks. Management has decided to promote her to the officer cadre based on the recommendations of the new branch manager. One day Mrs. Deena received appointment order for the officer's post from the head office of the bank. All the colleagues including the branch manager congratulated her. But she said that is he does not want that promotion. It was a quite surprising to all of them.

Questions :

- a) Do you think that the management's action of not selecting Mrs. Deena in 1980 basing on the confidential report of the Branch manager is right ?
  - b) Why does Mrs. Deena not want promotion ?
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**3 F 1**

**Third Semester M.B.A. Degree Examination, Nov./Dec. 2011**

**(Regulars and Repeaters)**

**BUSINESS ADMINISTRATION**

**Strategic Financial Management and Policy**

Time : 3 Hours

Max. Marks : 75

*Note : Answer all Sections.*

**SECTION – A**

**Note : Answer any two of the following questions. Each carries 12 marks. Answer to the question should not exceed 6 pages : (2×12=24)**

1. Explain as to how the wealth maximization objective is superior to profit maximization objectives.
2. What are the micro and macro considerations to be taken in view in project planning ?
3. Describe different corporate tax planning techniques.

**SECTION – B**

**Note : Answer any three of the following questions. Each carries 12 marks. Answer to the question should not exceed 6 pages : (3×12=36)**

4. What are the methods of venture capital financing ? Also indicate in brief the elements that are needed for the success of venture capital.
5. State briefly the strategies underlying the acquisitions and takeover decisions.
6. If the combined leverage and operating leverage figures of a company are 2.5 and 1.25 respectively, find the financial leverage and PV ratio, given that the equity dividend per share is Rs. 2/-, interest payable per year is Rs. 1 lakh, total fixed cost Rs. 0.5/- lakh and sales Rs. 10 lakh.

**P.T.O.**



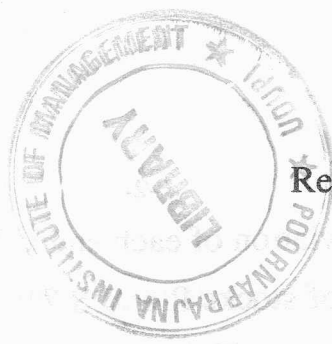
7. A company expects to pay a dividend of Rs. 7/- next year that is expected to grow at 6%. It retains 30% of earnings. Assume capitalization rate of 10%. You are required to
- Calculate the expected EPS next year
  - Return On Equity (ROE) and
  - The value of growth opportunities.
8. The cost of capital and the rate of return on investment of WM Ltd. is 10% and 15% respectively. The company has one million equity shares of Rs. 10 each outstanding and its EPS Rs. 5 calculate the value of the firm in the following situations using Walter's model.
- 100% retention
  - 50% retention and
  - No retention. Comment on your result.

**SECTION – C**  
**(Compulsory)**

**Note :** Answer to the question should not exceed 6 pages :

**(1×15=15)**

9. Two companies A and B belong to the same risk class and both the firms expected EBIT is Rs. 22,50,000. The two firms are identical in every respect except that firm A has Rs. 15,00,000, 10 percent debentures. The equity capitalization rate of A is higher (18%) than that of firm B (15%). Show the arbitrage process by which an investor who holds 10 percent shares of firm B will be benefited by investing in firm A.
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**3F 2**

**Third Semester M.B.A. Degree Examination, November/December 2011**  
**BUSINESS ADMINISTRATION**  
**Security Analysis and Portfolio Management**  
**(Regular and Repeater)**

Time : 3 Hours

Max. Marks : 75

*Note : Answer all Sections.***SECTION – A****(2×12=24)**

**Note :** Answer **any two** questions. **Each** question carries **12** marks. Answer to the question should **not** exceed **6** pages.

1. Critically analyse the various investment avenues.
2. Discuss the factors to be considered in fundamental analysis.
3. What are the measures used for measuring the portfolio performance ? Which one do you recommend to investors ?

**SECTION – B****(3×12=36)**

**Note :** Answer **any three** questions. **Each** question carries **12** marks. Answer to the question should **not** exceed **6** pages.

4. Stocks R and S display the following returns over the past two years.

Year	Stock "R" Return (%)	Stock "S" Return (%)
2004	10	12
2005	16	18

- a) What is the expected return on a portfolio made up of 40 percent R and 60 percent S ?

**P.T.O.**

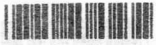


- b) What is the standard deviation of each stock ?
- c) What is the covariance of stocks R and S ?
- d) Determine the correlation coefficient of stocks R and S.
- e) What is the portfolio risk of a portfolio made up of 40 percent R and 60 percent S ?
5. Shown below are the returns on xerox and the S and P 500 stock index for a five year period.

Year	Return on xerox	Return on S and P 500
1	0.29	(0.10)
2	0.31	0.24
3	0.10	0.11
4	0.06	(0.08)
5	(0.07)	0.03

- a) Plot the returns on xerox versus the S and P 500 on a graph.
- b) Calculate the regression equation for the returns you have plotted (i.e., alpha, beta, and residual variance), and draw the line for this equation on your graph.
- c) Indicate :
- total variance for xerox, and
  - the proportions that are explained and not explained by the S and P 500.
6. What is the optimum portfolio in choosing among the following securities and assuming  $R_f = 5$  percent and  $\sigma_m^2 = 10$  percent ?

Security	Expected Return	Beta	$\sigma_{e_i}^2$
A	15	1.0	30
B	12	1.5	20
C	11	2.0	40
D	8	.8	10
E	9	1.0	20
F	14	1.5	10



7. The following data are available to you as a portfolio manager :

Security	Expected Return	Beta	Standard Deviation
Blue	0.32	1.70	0.50
White	0.30	1.40	0.35
Red	0.25	1.10	0.40
Grey	0.22	0.95	0.24
Black	0.20	1.05	0.28
Brown	0.14	0.70	0.18
NYSE stock index	0.12	1.00	0.20
Treasury bills	0.08	0	0

- a) Draw the SML. Plot each stock on your graph.
- b) In terms of an SML, which of the securities listed above are undervalued/ overvalued ? Why ?

8. Discuss the developments in Indian capital market.

**SECTION – C**  
**(Compulsory)**

**(1×15=15)**

**Note :** Answer to the question should not exceed 6 pages.

9. Management Capital, Inc. (MCI) manages four mutual funds of American Investors Groups (AIG). The funds are balanced, investment growth, fixed income and variable growth. The data below include annual total return for each fund followed by key statistical measures. The average return on riskless securities during the measurement period was 5 percent per annum.



	BALANCED	INVESTMENT GROWTH	FIXED INCOME	VARIABLE GROWTH	DJIA
19×9	- 0.085	+ 0.117	- 0.001	0.141	- 0.116
19×8	0.028	0.032	0.056	0.035	0.077
19×7	0.100	0.201	0.03	0.255	0.190
19×6	- 0.093	- 0.117	- .014	- 0.101	- 0.156
19×5	0.032	0.083	0.032	0.153	0.142
19×4	0.096	0.123	0.045	0.113	0.187
19×3	0.118	0.142	0.066	0.134	0.206
19×2	- 0.072	- 0.139	0.054	- 0.170	- 0.076
19×1	0.166	0.235	0.071	0.240	0.224
Return	0.0282	0.0403	0.0373	0.0798	0.0654
Variance	0.009	0.02	0.001	0.021	0.023
Beta	0.6207	0.9127	0.1379	0.6991	
Rho	0.65	0.94	0.96	0.82	

- Rank the performance of these portfolios using the Sharpe and Treynor techniques.
- Consider the Jensen method of ranking portfolio's relative to the market. What is the overall performance of each fund relative to the market ?
- Which funds had the most unsystematic risk during the evaluation period ? Explain.



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3 H 1

**Third Semester M.B.A. Degree Examination, November/December 2011**  
**BUSINESS ADMINISTRATION**  
**Human Resource Development**  
**(Regular and Repeaters)**

Time : 3 Hours

Max. Marks : 75

**SECTION – A**

**(1×15=15)**

**(Compulsory)**

**Note :** Answer to the question should **not** exceed **6** pages.

1. Discuss the business risks and challenges facing today's organizations. How does human resource development help to face those risks and challenges ?  
Discuss.

**SECTION – B**

**(5×9=45)**

**Note :** Answer **any five** of the following questions. **Each** question carries **9** marks.  
Answer to the question should **not** exceed **5** pages.

2. What are the newer ideas in human resource development ?
3. What is HDI ? Discuss its significance.
4. Explain how will you diagnose the training needs in your organization.
5. Define and explain the concept of learning in the organizational context. What are the components of learning ?
6. Distinguish between performance appraisal and potential appraisal system.  
Explain with illustrations.

**P.T.O.**





7. Under what conditions should counselling be given to an employee ? What are the skills required to provide successful counselling ?
8. What are OD interventions ? Discuss the process of OD in organizations.
9. 'Job rotation, job enlargement and job enrichment are simply attempts by managers to control individuals at work'. Do you agree or disagree ? Discuss.

## SECTION - C

(1×15=15)

**Note :** Answer to the question should **not** exceed **6** pages.

10. XYZ company is a fast growing and profit making pharmaceutical company. It has been growing @ 12% per annum and is one of the fastest growing organizations in its class with sales turnover of 350 crores. The organization is a traditional one striving to become a professionally managed organization. It has instituted various HRD programme to boost morale, productivity and commitment of its employees. The organization has recently implemented a KRA based appraisal system.

Manoj Kumar had a management position in this organization. He was 36, had been successful and popular throughout his career and was happily married. He felt trapped in his job, but could not find any way out. He felt depressed, was sleeping badly and reported that his thinking was becoming increasingly muddled. He felt he was spending too much time at work, and felt guilty about putting work ahead of his family. He had started to use drinking and gambling as coping mechanisms. When he completed a set of standardized measures of stress, anxiety and depression at the beginning of counselling his scores indicated a level of distress usually associated with individuals receiving inpatient treatment for server mental health problems. Over the course of 16 sessions of



psychodynamic counselling. Mathew developed a much fuller understanding of how some of the themes in his own life (for example, his sense of never having been wanted as a child) were linked to his relationships both at work and at home. He became better able to express his needs and emotions and found ways of delegating and receiving support at work. He reported an enhanced sense of satisfaction and commitment at work and an improvement in his relationship with his wife.

Counselling had not transformed Manoj Kumar or the highly pressurized environment in which he worked, but it had allowed him to stand back from what was happening, look at himself and how he related to others and find ways of restoring a degree of balance to his life.

**Questions :**

- 1) What is the major reason for the problems of Mr. Manoj Kumar ?
  - 2) How was Mr. Manoj Kumar's problem resolved ?
  - 3) How could you, as HRD Manager of the organization, help him ?  
Briefly outline your action plan.
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3H 2

**Third Semester M.B.A. Degree Examination, November/December 2011**  
**BUSINESS ADMINISTRATION**  
**Industrial Relations**  
**(Regular and Repeater)**

Time : 3 Hours

Max. Marks : 75

*Answer all Sections.*

**SECTION – A**  
**(Compulsory)**

**(1×15=15)**

**Note :** Answer to the question should **not** exceed **6** pages :

1. Discuss in brief future of industrial relations in India.

**SECTION – B**

**(5×9=45)**

**Note :** Answer **any five** questions. **Each** question carries **9** marks. Answer to the question should **not** exceed **5** pages :

2. "Marxist view of labor is still valid". Explain.
3. Critically examine the institutional provisions for the resolution of industrial disputes within the legal framework in India.
4. Explain briefly the important ILO conventions adopted in Indian Industry. Mention the various steps involved in the ratification of ILO conventions.
5. Critically examine the various schemes of workers participation in management and suggest the prerequisites to make them work.
6. Evaluate the symptoms of industrial unrest and suggest a suitable strategy for its treatment.

**P.T.O.**



7. What is collective bargaining ? How it has changed over a period of time.
8. State the objectives and major recommendations of second National Commission and Labor.
9. Can a minority union raise a demand or challenge the existing settlement arrived at with the unions representing majority of workers ?

## SECTION – C

(1×15=15)

## (Compulsory)

**Note :** Answer to the question should **not** exceed **6** pages :

10. On Jan 20, 1994 Babbir Singh was hired as a mechanic for a large national automobile service station (a listed company) in Mumbai. Babbir was to do routine preventive maintenance on the cars that are leased out to various local firms from time to time. When he first commenced his job he was scheduled to check on the time clock at 7 a.m. On July 25, 1995 Babbir's supervisor Rajinder called him to his office and said "Babbir, I have noticed during July that you have been late for work several times. Since you were confirmed in service about six months back, you have not been reporting for work in time. What can I do to help you get here on time ?"

Babbir replied "It would be awfully nice if you permit me to come at 8 instead of 7 a.m. since. I have to travel more than 60 kms to report for work daily.

Rajinder then said Babbir I am highly pleased with your overall work performance so it does not matter much, if you work day begins at 8 a.m.

During the month of Aug. 1995, Babbir was late eight times. Another meeting took place between the two, similar to the one at the end of July. As a result of it, Babbir's starting time was changed to 9 a.m.

On Jan. 10, 1996, Rajinder posted the following notice on the display board –  
"Any employee late for work more than thrice in any one particular month is subject to termination".



On Feb. 20, 1996, Rajinder called Babbir into his cabin and gave him a letter that read – “During Feb, 1996, you have been late for work more than three times. If this behavior continues, you are subject to termination. Babbir signed the letter to acknowledge that he had received it.

In Apr. 1996, Babbir was again late eight times offering various excuses as usual : In May and June months that followed, more or less, the same behavior continued. On Aug 10, 1996, Rajinder informed Baabir that he had been fired for his tardiness. He also mentioned that every word of law has been scrupulously observed before taking the harsh step. Babbir, then recollected having signed some letter issued by Rajinder previously.

On Aug, 19, 1996, Babbir came in with his union representative and demanded that he got his job back. Babbir, this time raised his violent demand on the information that another woman Radhika by name, working in the stores division, was late as many times as he was or more. Babbir further alleged that Rajinder was punching the time clock for this woman because Rajinder was having an ‘affair’ with her. The union representative meanwhile intervened and said that nearly six people in the company had agreed to testify to this effect-under oath. The union representative then said, “Rajinder rules are for everyone you can’t let one person break a rule and penalize someone else for breaking the same rule. Moreover, in Babbir’s case you have not followed the rules mentioned in the act. You have also not informed the union before firing Babbir. We will be fighting this issue on other grounds as well. It’s better, you agree to take back Babbir.

**Questions :**

- 1) What is your position with regard to this case ? Is everything in order ?  
Who is at fault ?
  - 2) What would you do if you were to decide the case ? Would you punish Babbir or let him go off the hook ?
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3M 1

**Third Semester M.B.A. Degree Examination, November/December 2011**

**MARKETING RESEARCH AND CONSUMER BEHAVIOUR**

**Business Administration**

**(Regular and Repeater)**

Time : 3 Hours

Max. Marks : 75

**SECTION – A**

**(Compulsory)**

**Note :** Answer to the question should **not** exceed **6** pages.

**(1×15=15)**

1. "Marketing research is undertaken to guide managers in the analysis of marketing problems". Critically examine.

**SECTION – B**

**Note :** Answer **any five** questions. **Each** question carries **9** marks. Answer to **each** question should **not** exceed **5** pages.

**(5×9=45)**

2. What is learning ? Discuss different types of learned behaviour. What are the basic principles of learning ?
3. Describe the process of marketing research, with the help of various steps involved in it.
4. "Consumer behaviour study is an independent and highly specialized study in modern marketing". Explain.
5. How do secondary data differ from primary data ? Explain the internal and external sources of secondary data.
6. Explain the factors that influences the buying decision process.
7. What is quota sampling ? Why it is a non-probability sample ? What are its advantages and limitations ?
8. Explain the role of family as basic decision making unit. Discuss its importance for the marketers.
9. What are the features of good marketing research report ? What factors influence its formulation ?

**P.T.O.**



SECTION – C  
(Compulsory)

**Note :** Answer to the question should **not** exceed more than **6** pages. (1×15=15)

10. Excel Mounts is a 30 years old company manufacturing shock absorbers catering to the requirements of OEM in the automobile industry, and replacement markets. The company has technical collaboration with a renowned German firm. The company is known for its superior quality product.

The company had a little over 55% market share in the OEM segment and had many of the major auto manufacturers (both four and two wheelers) as its customers. The company had only two major competitors, Roamers and Filco besides some small and medium sized firms.

Within the last two years the situation in the replacement market has been gradually changing because of the price cuts introduced by Excel Mount's competitors. Price sensitivity in the replacement market is significant and resellers as well as final consumers have increasingly opted for cheaper alternatives. Most companies in the industry offered margins to dealers and retailers in excess of 30%. As a result of this range of margin, it were the resellers who actually controlled the pricing in the replacement market. For the last six months, the competition had become more intense not only in die replacement segment but also in OEM segment. The price-cuts made by others and also the two major competitors, Roamers and Filco, due to recession had made these two competitors' an attractive option for the OEM segment and Excel Mounts had lost some of its orders to these two competitors. Recently the situation had acquired grave dimensions. A major OEM buyer, with whom the company had been doing business for quite a long time and had good relations, had threatened to stop procuring from Excel Mounts if the company did not reduce its prices. If this were to happen, Excel Mounts would suffer a severe blow to its sales.

Excel Mounts had announced a reduction in its prices by just 1%, which was negligible compared to reductions by competitors. The CEO, Bhagwat Shinde was against compromising on quality by using material of lower gauge, make appropriate reductions in price, and retain its market share. He believed the compromise on quality would tarnish the company image, which would be detrimental to long-term business interests.



There was one option. Excel Mounts could buy raw materials from suppliers who were ready to offer heavy discounts provided the entire material was sourced through them. Such an action, though, would result in the closure of the ancillary units which were totally dependent on Excel Mounts for their survival.

Bhagwat Shinde was of the opinion that this large buyer, threatening to buy from other sources at cheaper rates, would come back to Excel Mounts after experiencing dissatisfaction with the quality of the products supplied by its competitors. Another option was to go in for price cut with the possibility of starting a price war, and a substantial loss of revenue but maintaining the level of sales. Bhagwat Shinde, decided to call a meeting of Senior Managers to discuss the issue.

**Questions :**

- 1) You are the Marketing Director of Excel Mounts. What suggestions would you present in the meeting ?
  - 2) Keeping in view the threat by the large buyer, how would you negotiate the matter ?
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**Third Semester M.B.A. Degree Examination, Nov./Dec. 2011**  
**(Regular and Repeater)**  
**BUSINESS ADMINISTRATION**  
**Promotion and Distribution Management**

Time : 3 Hours

Max. Marks : 75

**SECTION – A**

**(1×15=15)**

**Note** : Answer to the question should **not** exceed **six** pages :

1. In some advertising situations, a positive appeal is probably more effective. In others negative appeal may be best. Under what conditions would you recommend use of a negative appeal, a positive appeal ? How will you determine which should be used ?

**SECTION – B**

**(5×9=45)**

**Note** : Answer **any five** questions. **Each** question carries **9** marks. Answer to the **each** question should **not** exceed **five** pages.

2. Which tool, out of the four tools of promotion, is best suited to the marketers of the new millennium ?
3. Discuss the importance of sales promotion ? Briefly explain major technique.
4. Explain the activities involved in the selling process.
5. Define supply chain management. What are its advantages ?
6. Describe the various methods of setting the advertising budget.
7. What criteria would you use for evaluating performance of channel members ?
8. Describe the role of advertising agency and the factors that govern its selection.
9. What factors influence the motivation of sales people ? How does a sales manager respond to the challenges posed by these factors ?

**P.T.O.**



## SECTION – C

(1×15=15)

**Note :** Answer to the question should not exceed more than **six** pages.

10. Aravind was a sales supervisor with a stationery company with around a dozen salesmen reporting to him. He led a Bohemian life-style and was fond of good things in life. Aravind had been appointed a supervisor on the strength of his seniority. He lacked the other qualities of a supervisory position. When he was a salesman, he was on blackslapping terms with some of his customers while some others felt intimidated by him. He obtained results by hook or crook. As a supervisor, he treated his subordinates as his minions. He expected the subordinates to pander to his ego and keep him in good spirits. He wanted to be wined and dined at the cost of his subordinates. His selling effort was minimal. He wanted his subordinates to foot the bill of his journeys. He wanted them to provide him a pack of cigarettes every now and then. At the end of the day, he wanted a treat with a sumptuous meal and liquor.

Such behaviour on the part of Aravind had its negative effect on his subordinates. They got demoralized. Some left out of disgust. A few who continued in absence of an alternative opportunity worked resentfully. All this affected sales adversely.

Aravind was identified as the key to the problem. He was replaced by a new supervisor. But what went wrong because of Aravind would not be so easy to mend.

Could the subordinates have corrected the behaviour of Aravind ? What steps can the organisation take to undo the damage caused by the tenure of Aravind ?

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