

First Semester M.B.A. Degree Examination, February 2013**(Choice Based Credit System)****BUSINESS ADMINISTRATION****Principles and Practice of Management**

Time : 3 Hours

Max. Marks : 70

SECTION – A**(Compulsory)****(1×15=15)****Note :** Answer to the question should **not** exceed **six** pages.

1. Explain the contribution of Henry Fayol to the development of management thought.

SECTION – B**(5×8=40)****Note :** Answer **any five** questions. **Each** question carries **eight** marks. Answer to the question should **not** exceed **five** pages.

2. Explain the importance of planning and state the steps involved in it.
3. Discuss in brief key issues in modern management.
4. "Motivation is the core of management" comment.
5. Define management. Explain its functions and significance ?
6. 'Control is an all pervasive function' Do you agree ? Defend your answer.
7. Explain the meaning, principles and importance of direction function.
8. What is delegation of authority and what are the steps involved in the delegation ? Explain briefly.
9. What is organisation ? Explain various types of organisation structures.



SECTION – C (Compulsory)

(1×15=15)

10. Case study :

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

Bill Echols was recently promoted Vice President of the eastern region of a major securities brokerage dealer. He is responsible for 12 offices, each of which is headed by a broker manager. Bill is a retired Air Force colonel, is 47 years old, and was decorated many times for his service in the Vietnam War. He has been a high achiever all his life in sports, academics, and the military and he is now intent to being a business superstar, he has been in the securities brokerage business just three years and has already broken all sales records. He has now been given the prestigious promotion to regional Vice President of the firm and appears destined for the top.

The 12 broker managers range in age from 27 to 45, with 5 to 20 years of securities experience. Four do not have a college degree, and three have their MBAs from outstanding business schools. About half of them were star sellers, and the others were good to average performers who displayed management talent.

Bills basic business philosophy is to “run a tight ship” and treat everyone the same - fairly and equitably. He is a stickler for details and perfection. He spent a lot of time the first three months meeting with managers, showing and telling them exactly how he wanted operations to run, and introducing some of his own management information system. However, in spite of his zeal for the job, production has significantly improved in only one or two offices and several managers appear to be somewhat disgruntled with the new methods of operation even though they believe Bill to be extremely competent and can see the value of his ideas.

Posers:

1. What type of leader does Bill appear to be ?
2. Why do some managers respond to him in a negative way ?
3. What would you recommend Bill do to better the performance of the branch offices ?

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First Semester M.B.A. Degree Examination, February 2013
(Choice Based Credit System)
BUSINESS ADMINISTRATION
Accounting for Managers

Time : 3 Hours

Max. Marks : 70

SECTION – A

(2×10=20)

Note : Answer **any two** questions. **Each** question carries **10** marks. Answer to the question should not exceed **five** pages.

1. Describe the basic assumptions of accounting.
2. Explain in detail the methods of costing and their applications.
3. What is cost of capital ? Explain factors determining the capital structure.

SECTION – B

(3×12=36)

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

4. ABC Ltd. purchased second hand machinery on April 1996 for ₹ 3,70,000 and installed it at a cost of ₹ 30,000. On October 1, 1997, it purchased another machine for ₹ 1,00,000 and on October 1, 1998 it sold of the first machine purchased in 1996, for ₹ 2,80,000. On the same date, it purchased a machinery for ₹ 2,50,000. On October 1, 1999 the second machinery purchased for ₹ 1,00,000 was sold off for ₹ 20,000. In the beginning, depreciation was provided on machinery at the rate of 10% p.a. on the original cost each year on March 31. From the year 1997-98, however, the company changed the method of providing depreciation and adopt the WDV method the rate of depreciation being 15%. Give machinery account for the period 1996-2000.

P.T.O.



5. State the necessary legal requirements for preparation of financial statement of a limited company.

6. ABC is an industrial lubricant which is formed by subjecting certain crude chemicals to two successive processes. The output of process I is passed to process II where it is blended with other chemicals. The process costs for period were as follows :

Process – I :

Materials	:	3000 kg @ ₹ 0.25 per kg
Labour	:	₹ 120
Process plant time	:	12 hrs. @ ₹ 20 per hour

Process – II :

Material	:	2000 kg @ ₹ 0.40 per kg
Labour	:	₹ 84
Process plant time	:	20 hrs. @ ₹ 13.50 per hrs.

General overhead for period 3 amounted to ₹ 357 and is absorbed into process cost on a process labour basis.

The normal output of Process I is 80% of input and of process II 90% of input. Waste material from Process I is sold for ₹ 0.20 per kg and that from Process II for ₹ 0.30 per kg.

The output for Process I ₹ 2,300 kg and Process II is ₹ 4,000 kg.

There was no stock or WIP at either the beginning or the end of the period and it may be assumed that all available waste had been sold. You are required to show how the forgoing data would be recorded in a system of cost accounts.

7. A Toy manufacturing company produces two types of toys A and B. The manufacturing cost for the year ended Dec. 31 were direct materials ₹ 4,00,000, direct wages ₹ 2,24,000. Production overhead ₹ 96,000. It is ascertained that,

- Direct materials in type A costs twice as much as direct materials in type B.
- The direct wages for type B are 60% of those for type A.
- Production overhead is 60 paise per toy for both.
- Administration overhead for each 200% of direct labour.
- Selling expenses are 50 paise per toy for both two types.

f) Production during the year :

Type A : 40,000 toys (90% sold)

Type B : 1,20,000 toys (5/6th sold)

g) Selling price per toy : Type A ₹ 16 ; Type B ₹ 12.

Prepare a statement showing the total cost per toy for each type and profit made on each type of toy.



8. A holds 100 shares of ₹ 10 each on which he has paid ₹ 1 per share as application money.

B holds 200 shares of ₹ 10 each on which he has paid ₹ 1 on application and ₹ 2 on allotment.

C holds 300 shares of ₹ 10 each and has paid ₹ 1 on application, ₹ 2 on allotment and ₹ 3 for the first call.

They all fail to pay their arrears and the second call of ₹ 2 per share and their shares forfeited. The shares of C were then reissued at ₹ 7 per share on fully paid to D.

Give the necessary Journal entries to record the above transactions.

**SECTION – C
(Compulsory)**

(1×14=14)

9. The following Trial Balance is extracted from the books of a merchant on 31st December 2012.

Building	75,000	
Motor vehicles	62,500	
Furniture and Fittings	6,400	
Capital		1,25,000
Bad debts	1,250	
Provisions for Bad debts		2,000
Sundry Debtors and Creditors	38,000	25,000
Opening Stock	34,600	
Purchase and sales	54,750	1,54,500
Bank overdraft		28,500
Purchase and sales return	2,000	1,250
Advertising	4,500	
Interest on bank overdraft	1,180	
Commission		3,750



Cash	6,500	
Taxes and Insurance	12,500	
General expense	7,820	
Salaries	33,000	
	3,40,000	3,40,000

The following adjustments are to be made :

- Stock in hand on 31-12-2012, ₹ 32,500
- ₹ 850 is due for interest on bank overdraft.
- Salaries ₹ 3,000 and taxes ₹ 1,200 are outstanding
- Depreciate building at the rate of 5%, furniture @ 10% and motor vehicles @ 20%.
- Insurance amounting to ₹ 1,000 is prepaid.
- One-third of the commission received is in respect of work to be done next year.
- Write off a further sum of ₹ 100 as bad debts and provision for bad debts to be made equal to 10% on sundry debtors.

Prepare Final accounts.

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First Semester M.B.A. Degree Examination, February 2013
(Choice Based Credit System)
ECONOMICS FOR MANAGERS

Time : 3 Hours

Max. Marks : 70

SECTION – A**(1×15=15)****(Compulsory)****Note :** Answer to the question should **not** exceed **six** pages.

1. "Fiscal policy deals with the taxation and expenditure decisions of the government. Monetary policy deals with the supply of money in the economy and the rate of interest." In the light of this statement, discuss the features of fiscal and monetary policies.

SECTION – B**(5×8=40)****Note :** Answer **any five** questions. **Each** question carries **eight** marks. Answer to the question should **not** exceed **five** pages.

2. Discuss the nature and scope of managerial economics.
3. Define national income. Explain the managerial uses of national income.
4. From the following data, forecast the demand for the year 2013 by using least square method.

Year	2007	2008	2009	2010	2011	2012
Sales (in lakhs)	120	180	230	200	280	360

5. Explain the economies and diseconomies of scale.
6. Define business cycle. Explain the various phases of a business cycle.
7. What is elasticity of demand ? Explain the various types of elasticity of demand.

P.T.O.



8. "It is believed that a firm under perfect competition is a price-taker and not a price maker." Explain giving examples.

9. Describe the cost-output relationship in the short run.

SECTION – C

(Compulsory)

10. Case Study :

At present, a company is purchasing an item 'X' from outside suppliers. The annual usage is 10,000 units. The cost of the item is Rs. 5 per unit and the ordering cost is estimated to be Rs. 100 per order. The cost of carrying the inventory is 25 per cent. If the consumption rate is uniform, determine the economic purchasing quantity.

In the above problem, assume that the company is going to manufacture the item with the equipment that is estimated to produce 100 units per day. The cost of the unit thus produced is Rs. 3.5 per unit. The set-up cost is Rs. 1.5 per set-up and the inventory-carrying charge is 25 per cent. How has your answer changed ?

Which option is better : Make or Buy ?

(Assume 250 working days per year.)

(1×15=15)

Year	2007	2008	2009	2010	2011	2012
Sales (in lakhs)	120	180	230	200	280	360

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First Semester M.B.A. Degree Examination, February 2013

(Choice Based Credit System)

BUSINESS ADMINISTRATION

Business Environment

Time : 3 Hours

Max. Marks : 70

SECTION – A

(1×15=15)

(Compulsory)

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

1. Explain the significance of environmental analysis in Business decision making.

SECTION – B

(5×8=40)

Note : Answer **any five** questions. **Each** question carries **8** marks. Answer to the question should **not** exceed **five** pages.

2. Describe the components of Indian economic environment.
3. Explain the role of government in business.
4. Discuss the economic impact of technology.
5. Explain the techniques of corporate tax planning.
6. Describe the impact of Millennium Goals on international trade.
7. Elucidate different methods of entering international market.
8. Explain the advantages of MNC's to the host country.
9. Discuss the methods of exchange control.

P.T.O.



SECTION – C
(Compulsory)

(1×15=15)

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

10. Balsara Hygiene 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 and tooth ache) 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, Balsara entered the Malaysian market with *Promise* and another brand of toothpaste, *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 : *Salvadora Persica*) was a plant that had been used for centuries by as a tooth cleaning twig. It had references 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 countries for nature based products. Balsara tied up with Auromere Imports Inc. (AAIL), 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 toothpaste containing 24 herbal ingredients that would satisfy the required parameters. *Auomere* 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 *Auomere*. A saccharine free toothpaste was introduced. It was found that mint and menthol were taboo for users of homoeopathic medicines. So a product free of such mints was developed. *Auomere Fresh Mint* for the young and *Auomere Cina Mint* containing a combination of cinnamon and peppermint were also introduced. When the company realised that *Auomere* 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 the strength of *AAll* to market ayurvedic toothpaste in USA ?

SECTION - B

Answer any five questions. Each question carries 8 marks. Answer to the question should not exceed five pages.

1. Describe the components of Indian economic environment.
2. Explain the role of government in business.
3. Discuss the economic impact of technology.
4. Explain the techniques of corporate tax planning.
5. Discuss the impact of Millennium Goals on international trade.
6. Discuss different methods of entering international market.
7. Explain the advantages of MNC's to the host country.
8. Discuss the methods of exchange control.

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First Semester M.B.A. Degree Examination, February 2013
(Choice Based Credit System)
BUSINESS ADMINISTRATION
Quantitative Analysis

Time : 3 Hours

Max. Marks : 70

SECTION – A

Note : Answer any 2 questions. Each question carries 10 marks. Answer to the question should not exceed 5 pages. (2×10=20)

1. Enumerate the function of statistics. What are its limitations ?
2. Discuss the properties of matrices and the use of these properties in management.
3. Briefly explain the concept of derivatives and functions and its applications to the management and economics.

SECTION – B

Note : Answer any 3 questions, each question carries 12 marks. Answer to the question should not exceed six pages. (3×12=36)

4. Calculate the Mean, Median and Mode from the following data :

Life span (yrs.)	4-6	6-8	8-10	10-12	12-14
No. of neon light	10	17	32	21	20

5. Calculate the coefficient of quartile deviation from the data given below :

Marks	90-100	80-89	70-79	60-69	50-59	40-49
No. of Students	9	32	43	21	11	3

6. Fit a suitable coefficient of correlation for the following data :

Fertilizer (in tons)	15	18	20	24	30	35	40	50
Productivity (in tons)	85	93	95	105	120	130	150	160

P.T.O.



7. Estimate the maintenance cost for a 4 years old car after finding the regression equation.

Age of cars	1	3	5	7	9
Maintenance cost	15	18	21	23	22

8. Fit a straight line trend by the method of least squares to the following data. Assuming that the same rate of change continues, what would be the predicted earnings for the year 1988 ?

Year	1979	1980	1981	1982	1983	1984	1985	1986
Earning (lakhs)	38	40	65	72	69	60	87	95

SECTION – C

(Compulsory)

Note : Answer to the question should not exceed six pages. (1×14=14)

9. Construct Fisher's Ideal Index from the following data and show that it satisfies time reversal and factor reversal test.

Commodity	2009		2010	
	Price	Qty.	Price	Qty.
P	10	100	12	144
Q	15	75	20	120
R	8	80	10	110
S	20	60	25	50
T	50	500	60	540

Fertilizer (in tons)	Productivity (in tons)				
	85	93	95	102	105
12	18	20	24	30	35
15	40	40	40	40	40