

2017

Full Marks : 70

Time : As in the programme

*The figures in the right-hand margin indicate marks.**Answer questions according to General Instructions of each Section.***Answer any three questions from Section-A****(12×3=36), Word limit-700-1000****Answer any three questions from Section-B****(8×3=24), Word limit-500****Answer any two questions from Section-C****(5×2=10), Word limit-300****SECTION-A**Answer any **three**.**12×3=36**

1. Compare and Contrast the contributions made by F.W.Taylor and Henri Fayol to the development of management thought.
2. Elaborate on the importance of planning in the everchanging environment. How is it done?
3. Differentiate between delegation and decentralisation. Which one would you prefer centralisation or decentralisation?

[Turn over]

4. Planning is the basis, information is the key and delegation is the essence of effective control—Discuss.
5. Account for the changes in the recent business environment. How have those brought in both challenges and opportunities for managers?

SECTION-B

Answer any **three**.

8×3=24

6. Bring out the essence of Human Relations Approach.
7. What are the different types of decisions managers make as regards to timeframe, managerial level and use?
8. What are the different types of organisation? How is organisation structure created?
9. Explain different principles of coordination.
10. Describe the role of managers in facing the challenge of change.

SECTION-C

Answer any **two**:

5×2=10

11. How is contingency approach applied in management?
12. What is Bounded Rationality model or administrative man model of decision making?
13. Explain the functioning of a matrix structure.
14. How is management audit used for controlling?

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12×3=36

1. If $A = \begin{pmatrix} 1 & 3 & 2 \\ -3 & 4 & 6 \\ 7 & -2 & 1 \end{pmatrix}$ find out inverse matrix of A.

2. A food processor uses a moving average to forecast next month's term and past actual demand (in units)

[Turn over]

is shown below:

Month :	43	44	45	46	47	48	49	50	51
Actual	105	106	110	110	114	121	130	128	137
Demand :									

Compute a simple five-month moving average to forecast demand for the month 52. Compute weighted three month moving average when weights are highest for the latest months and descend in order of 3, 2, 1.

3. Consider the linear programming problem.

$$\text{Maximize } a = 3x_1 + 2x_2$$

subject to the constraints

$$x_1 + x_2 \leq 4,$$

$$x_1 - x_2 \leq 2$$

and $x_1, x_2 \geq 0$ find out x_1 and x_2 by simplex method.

4. State and prove the theorem on the relationship between the feasible solutions of L.P.P. and its dual.
5. You are given the following information about advertising expenditure and sales:

	Advertisement (in lakhs)	Sales (in lakhs)
Arithmetic mean	10	90
Standard deviation	3	12

correlation coefficient = 0.8

- i) Obtain the two regression equations.
- ii) Find the likely sales when advertisement budget is 15 lakhs.

SECTION-B

Answer any **three**.

$$8 \times 3 = 24$$

6. Two salesmen selling the same product show the following results over a long period of time:

	Salesman X	Salesman Y
Average Sales	Rs. 30,000	Rs. 35,000
Standard deviation	Rs. 2,500	Rs. 3,600

Which salesman seems to be more consistent and why?

7. A bag contains 6 red and 8 green balls.

- a) If one ball is drawn at random, then what is probability of the ball being green?
- b) If two balls are drawn at random, then what is the probability that one is red and the other green?

8. Distinguish between trend, seasonal variations and cyclical variations in a time series. How can trend be isolated from variations?

[4]

9. What is an artificial variable and why is it necessary to introduce it? Describe the two phase process of solving an L.P.P. by simplex method.
10. A manufacturer has distribution centres at X, Y and Z these centres have availability 40, 20 and 40 units of his product. His retail outlets at A, B, C, D and E requires 25, 10, 20, 30 and 15 units respectively. The transport cost is rupees per unit between each centre outlet is given below:

Distribution centre	Retail outlet				
	A	B	C	D	E
X	55	30	40	50	50
Y	35	30	100	45	60
Z	40	60	95	35	30

Determine the optimal distribution to minimize the cost of transportation.

SECTION-C

Answer any two:
 $5 \times 2 = 10$

11. The standard deviation of a distribution of 100 values was 2 if the sum of the squares and the actual values was 3600, what was the mean of this distribution? Find out also the co-efficient of variance k comment on it.

[5]

12. For a given set of bivariable data, the following results were obtained

$$\bar{x} = 53.2, \bar{y} = 27.9$$

Regression coefficient and y on $x = -1.5$

and regression coefficient of x on $y = -0.2$

Find the most probable value of y when $x = 60$.

13. A 12 month moving average of time series data removes trend and cycle. Do you agree? Why or why not?

14. The mean monthly salaries paid to the employees of a company was Rs. 5,000 the mean monthly salaries paid to male and female employees were Rs. 5,200 and Rs. 4,200 respectively. Determine the percentage of males and females employed by the company.

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(5×2=10), Word limit-300****SECTION-A****Answer any three.****12×3=36**

1. What is the importance of internal environment in strategic business planning and what is the significance of each component of internal environment?
2. What are the objectives and salient features of the new industrial policy of Govt. of India?

[Turn over]

3. What is importance of "Globalisation" for a developing economy like India and what measures have been taken by Government of India in this direction?
4. What is the role of RBI in regulating monetary policy controlling commercial banks and credits in India?
5. Describe importance of price and distribution control and describe the measures have been taken by Government in that direction.

SECTION-B

Answer any **three**.

8×3=24

6. How far Indian Business sector has been successful in achieving the objectives of the social responsibilities of the business in India and how?
7. Evaluate the economic roles of Govt. of India in the business development. Outline important provisions of the monetary policy.
8. Discuss the importance of GATT and WTO in the promotion of international business of India.

9. What are the important functions of Indian capital market and how different reform measures have been initiated by the Govt. of India for the development of capital market?
10. What are the objectives of Indian planning and how Government has played key roles with different policy measures in this direction?

SECTION-C

Answer any **two**:

5×2=10

11. How is business and culture related?
12. Discuss importance of Fiscal Policy measures.
13. State the significance of the commodities market in India.
14. Outline different dimensions of globalisation of business.

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1. In Walter's approach, the dividend policy of a firm depends on availability of investment opportunity and the relationship between the firm's internal rate of return and its cost of capital. Discuss what are the shortcomings of this view.
2. How will you control capital expenditure in a developing company? Design a simple form for capital expenditure control reporting.

[Turn over]

3. The following financial data have been furnished by A Ltd. and B Ltd. for the year ended in 31-3-2016:

	A Ltd.	B Ltd.
Operating Leverage	3:1	4:1
Financial Leverage	2:1	3:1
Interest charges p.a.	₹12 lakh	₹10 lakh
Corporate tax	40%	40%
Variable cost as % of sales	60%	50%

Prepare income statements of the two companies.

4. "The management of inventory must meet two opposing needs"—what are these? How is a balance brought in these opposing needs?
5. Companies X and Y are identical in all respects including risk factors except for debt/equity. X having issued 10% debentures of ₹18 lakhs and while Y has issued only equity. Both the companies earn 20% before interest and taxes on their total assets of ₹30 lakhs. Assuming a tax rate of 50% and capitalisation rate of 15% for an all equity company, compute the value of companies X and Y using:

- net income approach
- net operating income approach

SECTION-B

Answer any **three**.

8×3=24

- Assuming wealth maximisation to be the objective of the financial management, show how the financing, investment and dividend decisions of a company can help to attain this objective.
- A company issues 10,000 10% preference shares of ₹100 each. Cost of issue is ₹2 per share. Calculate cost of preference share capital if these shares are issued;
 - at par
 - at a premium of 10%
 - at a discount of 5%
- What basic principles will you advocate in the matter of deciding on a proper pattern of capital structure for a company? Explain and illustrate the impact of financial leverage.
- What do you understand by working capital? How will you measure working capital in a going concern?
- XYZ Ltd. expects earnings before interest and tax of ₹6,00,000 and belongs to risk class of 10%. You are required to calculate the value of the firm

and cost of equity capital (according to NOI approach, if it employs 8% debt to the extent of 20%, 40% or 60% of the total financial requirement of ₹ 30,00,000

SECTION-C

Answer any **two**:

5 × 2 = 10

11. The annual cash requirement of A Ltd. is ₹ 10 lakhs. The company has marketable securities in lot sizes of ₹ 50,000, ₹ 1,00,000, ₹ 2,00,000, ₹ 2,50,000 and ₹ 5,00,000. Cost of conversion of marketable securities per lot is ₹ 1,000. The company can earn 5% annual yield on its securities.

You are required to calculate optimum cost balance of the company needed to hold at any point of time.

12. The following information relates to TATA Group of Companies:

	₹
Paid up capital	20,00,000
Earnings of the company	2,00,000
Dividend paid	1,60,000
Price earning ratio	12.5
Number of shares outstanding	20,000

You are required to find out whether company's decision is optimal.

13. What do you understand by retained earnings? Discuss the merits and limitations of ploughing back of profits as a source of finance.
14. A company is considering an investment proposal involving an initial cost outlay of ₹ 15,00,000. The proposal has an expected life of 5 years and zero salvage value. At a required rate of return of 14%, the proposal has a profitability index of 1.6. Calculate annual cost inflows.