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B.B.M. (Regular) DEGREE EXAMINATION,
MARCH 2012.

(Examination at the end of Second Year)

Part II — MACRO ECONOMICS

Time : Three hours   Maximum : 100 marks

Answer any FIVE questions.

All questions carry equal marks.

1. Define the national income. Explain different methods of estimating national income.

2. Briefly explain Keynesian theory of employment.

3. Critically examine the law of J.B.Say's Market theory.

4. Define the trade cycles. Explain the theories of business cycles.

5. Explain the functions of central bank.

6. What is income multiplier? Explain the importance of the income multiplier.

7. Discuss the following :

   (a) Importance of macro Economics.

   (b) Gross national product (GNP) and Net National Product (NNP).

8. Critically examine the fisher's quantity theory of money.

9. Discuss the following :

   (a) Consumption function

   (b) Primary functions of Commercial Banks.

10. Problems in the measurement of national income.

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8. (a) A ball is drawn at random from a box containing 6 red balls, 4 white balls and 5 blue balls. Determine the probability that it is:

 (i) Red

 (ii) White

 (iii) Blue

 (iv) Not red

 (v) Red or White.

 (b) The probability that A can solve a problem is 0.7 and the probability that B can solve that problem is 0.6 Considering that these two events are independent, find the probability that the problem gets solved by either of them.

9. (a) Explain various types of events.

 (b) A university has to select an examiner from a list of 50 persons, 20 of them women and 30 men, 10 of them knowing Hindi and 40 not, 15 of them being teachers and the remaining 35 not. What is the probability of the University selecting a Hindi-knowing woman teacher?

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Answer any FIVE of the following.

Each question carries equal marks.

1. (a) Distinguish between primary and secondary data.

 (b) How many types of data collection methods are there? Explain detail.

2. (a) Explain the advantages and disadvantages of diagrammatical representation of data.

 (b) For the following particulars construct rectangular in terms of percentages.

Items of Expenses :	A	B	C	D	E	F	Total income
Royal Family	2000	720	200	480	320	280	4000
Payal family	3000	720	300	600	600	480	6000

3. (a) Calculate Arithmetic mean in indirect method for the following data.

Marks	0-10	10-20	20-30	30-40	40-50
Students	5	10	15	10	10

(b) Calculate Mean deviation and its co-efficient through median.

Class	:	0-2	2-4	4-6	6-8	8-10	10-12
Frequency	:	16	8	20	5	17	25

4. (a) Explain the scatter diagram method.

   (b) Explain different components of a good report.

5. (a) From the following data construct an Index for 1988 taking 1987 as base by the average of relatives method using Arithmetic mean.

Commodity	Price in 1987 (Rs.)	Price in 1988 (Rs.)
A	50	70
B	40	60
C	80	90
D	110	120
E	20	20

   (b) From the following data construct an Index for 1988 taking 1987 as base by the average of relatives method using Geometric mean for averaged relatives.

Commodity	Price in 1987 (Rs.)	Price in 1988 (Rs.)
A	50	70
B	40	60
C	80	90
D	110	120
E	20	20

6. (a) Fit a trend line to the following data by the method of semi averages:

Year	Sales of Firm A (thousand units)	Year	Sales of Firm A (thousand units)
1980	102	1984	108
1981	105	1985	116
1982	114	1986	112
1983	110		

   (b) The sales of a commodity in tones varied from January, 1986 to December, 1936 in the following manner:

   280 300 230 280 270 240

   230 230 220 200 210 200

   Fit a trend line by the method of semi averages.

7. (a) From the data given below estimate the number of persons living between the age of 35 and 42:

Age (years)	:	20	30	40	50
No. of persons living	:	513	439	346	243

   (b) Interpolate the missing item in the following series.

Year	:	1975	1976	1977	1978	1979	1980
Population ('000)	:	173	149	145	?	131	141

(a) Raw materials are in stock on average one month.

(b) Materials are in process on average half a month.

(c) Finished goods are in stock on average six weeks.

(d) Credit allowed by creditors is for one month.

(e) Credit allowed by debtors is for two months.

(f) Lag in payment of wages is $1\frac{1}{2}$ weeks.

(g) Cash on hand and at bank is expected to be Rs. 7,300

You are informed that production is carried on evenly during the year and wages and overheads accrue similarly.

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Part II — BASIC BUSINESS FINANCE

Time : Three hours   Maximum : 100 marks

Answer any FIVE questions.

All questions carry equal marks.

1. Explain the role of key finance personnel in an organisation.

2. Explain the merits and limitations of finance instruments.

3. Briefly discuss the functions of National Stock Exchange (NSE).

4. Discuss the causes and consequences of under capitalization.

5. Explain the importance of dividend decision in maximising the value of the firm.

6. Explain the reasons for amalgamation of companies.

7. Calculate the weighted average cost of capital from the following information.

(a) Capital structure of AB Ltd.,

                                (Rs. thousand)

(i) Equity capital : shares of Rs. 10 each fully paid   100

(ii) Reserves (general)   50

(iii) Long-term debt   100

                                    250

(b) Market price per share of AB Ltd., is Rs. 60 and earnings per share is Rs. 6. The expected growth rate of earnings is 5% per annum.

(c) Cost of debt (before-tax) 11% per annum.

(d) Applicable corporate tax 40%.

(e) Use the market values as weights and show your workings.

8. The particulars of three firms-A, B and C are given in the following table. Calculate Degree of Operating Leverage (DOL), Degree of Financial Leverage (DFL) and Degree of Combined Leverage (DCL) of each firm and comment on the results.

Particulars	Firm - A	Firm - B	Firm - C
Sales	1,00,000	1,00,000	1,00,000
Marginal cost	60,000	40,000	30,000
Operating fixed cost	20,000	30,000	40,000
Fixed financing cost	7,000	5,000	Nil

9. XYZ corporation is considering relaxing its present credit policy and is in the process of evaluating two proposed policies. Currently, the firm has annual credit sales of Rs. 50 lakh and accounts receivable turnover ratio of 4 times a year. The current level of loss due to bad debts is Rs. 1,50,000. The company's variable costs are 70% of the selling price. Given the following information, which is the better option?

Particulars	Present Policy	Policy Option - I	Policy Option - II
Annual credit sales	Rs. 50,00,000	Rs. 60,00,000	Rs. 67,50,000
Account receivable turnover ratio	4 times	3 times	2.4 times
Bad debts losses	Rs. 1,50,000	Rs. 3,00,000	Rs. 4,50,000

10. You are required to prepare for the Board of Directors of Vigilant Co. Ltd., a statement showing the working capital needed to finance a level of activity of 5,200 units of output per annum. You are given the following information.

Elements of Cost	Amount per Unit (Rs.)
Raw materials	8
Direct labour	2
Overheads	6
Total Cost	16
Profit	4
Selling price	20

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Part II — FUNDAMENTALS OF MARKETING

Time : Three hours   Maximum : 100 marks

Answer any FIVE questions.

All questions carry equal marks.

1. Explain the significance of marketing in the concept of Indian economy.

2. Explain the objectives of marketing management.

3. Explain the concept of marketing environment.

4. What is a marketing mix? Discuss its elements.

5. Discuss the various stages of consumer buying behavior.

6. Explain the methods of market segmentation.

7. Explain the sales promotion techniques.

8. Explain the concept of 'Product life cycle'.

9. Describe the role of whole seller and retailer.

10. Explain different channels of distribution.

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Part II — PRINCIPALS OF PERSONNEL MANAGEMENT

Time : Three hours   Maximum : 100 marks

Answer any FIVE questions.

All questions carry equal marks.

1. Explain the importance of Personnel Management.

2. Enumerate the steps involved in manpower planning.

3. Explain the process of selection in a modern business organization.

4. Briefly explain the job training methods.

5. Define the term 'Compensation' in personnel management? Explain various methods of compensation.

6. Explain the different incentive schemes available for workers.

7. What is 'Grievance'? Explain the need for a Grievance Procedure?

8. Explain the meaning and features of Discipline?

9. Define "Industrial Relations". Explain the role of the Government in Industrial relations.

10. Write a short notes on :

    (a) Selection

    (b) Fringe benefits

    (c) Salary

    (d) Incentive.

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