

**III Semester M.B.A. Examination, June/July-2008**  
**Management**  
**Course-13: Management of Entrepreneurship and Small Business**  
**(Compulsory)**

**Time:3 Hours**

**Max. Marks: 75**

1. Answer **any five** of the following sub-questions. **Each** sub-question carries **two** marks.

**SECTION - A**

- a) Who is an entrepreneur? (5X2=10)
- b) What is network analysis?
- c) Define 'Small Business'.
- d) What do you mean by environmental analysis?
- e) What are the major sources of finance?
- f) What is an EDP?
- g) List any four incentives provided to SSIs in India.

**SECTION – B**

Answer **any four** questions. **Each** questions carries **five** marks. (4X5=20)

- 2. What are the objectives of entrepreneurial development programmes?
- 3. Explain the competitive advantages of small scale enterprises.
- 4. How do small business estimate their financial requirements?
- 5. Explain the steps involved in environmental analysis.
- 6. Explain the inventory management practices followed in small enterprises.
- 7. Why should rural entrepreneurship be developed?

**SECTION - D**

13. Case Study (**Compulsory**):

The total available budget for a Company is Rs. 20 Crores. The project listed below have been allotted and ranked in order of profitability. The firm has already accepted project X whose cost is assumed to be Rs. 13 Crores and it has the profitability index of 1.40.

<b>Project</b>	<b>Cost (Rs. In Crores)</b>	<b>Profitability Index</b>
A	6	1.50
B	5	1.25
C	7	1.20
D	2	1.15
E	5	1.15
<b>Total</b>	<b>25</b>	

Which projects, including 'X' should be acquired by the company?

**III Semester M.B.A. Examination, June/July-2008**  
**Management**  
**Course-14: Business Policy and Strategic Mangement**  
**(Compulsory)**

**Time:3 Hours**

**Max. Marks: 75**

1. Answer **any five** of the follwing sub-questions. **Each** sub-question carries **two** marks.  
(5X2=10)

**SECTION - A**

- a) Define the concept of ‘‘Competitive Advantage’’.
- b) Name the different levels of strategies with examples.
- c) Define the terms: Vision, Mission and Goals.
- d) What do you mean by learning organisation?
- e) What is switching cost? Give example.
- f) What do you mean by core competency? Give examples.
- g) What do you mean by ‘Conglomerate Diversification’?

**SECTION – B**

- Answer **any four** questions. **Each** questions carries **five** marks. (4X5=20)

2. Define strategic management. Explains its process.
3. Name the role of different individuals in the strategic management.
4. Describe the essential characteristics of a mission statement. Give any two ideal mission statements.
5. Differentiate clearly between the external and internal components of environment.
6. What is value chain? How value chain is useful for internal analysis?
7. Critically examine the Ratan Tatas move of acquiring Corus co.

**SECTION - C**

- Answer **any three** questions. **Each** question carries 10 marks.

8. Explain the social responsibilities of entrepreneurs.
9. How do financial institutions assist entrepreneurial development?
10. Describe the role of government in marketing the products of small enterprises.

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13. Case Study (Compulsory):

Activity	Time Estimates (Weeks)		Direct Cost Estimates (Rs.in Thousands)	
	Normal	Crash	Normal	Crash
1 - 2	2	1	10	15
1 - 3	8	5	15	21
2 - 4	4	3	20	24
3 - 4	1	1	7	7
3 - 5	2	1	8	15
4 - 6	5	3	10	16
5 - 6	6	2	12	36

**Required:**

- i) Draw the project network corresponding to normal time.
- ii) Determine the critical path, normal duration and normal cost of the project.
- iii) Crash the activities so that the project completion time reduces to 9 weeks with minimum additional cost.

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# III Semester M.B.A. Examination, June/July-2008

## Management

### Course-15: OPERATION RESEARCH

#### (Compulsory)

Time:3 Hours

Max. Marks: 75

1. Answer **any five** of the following sub-questions. **Each** sub-question carries **two** marks. (5X2=10)

#### SECTION - A

- Explain the terms 'objective' and 'constraints' in linear programming.
- Explain primal-dual relationship
- What is degeneracy in a transportation problem?
- What is an un-balanced assignment problem?
- What do you understand by Decision-Tree Analysis?
- With reference to Game-Theory, what are pure strategies and mixed strategies?
- What is the significance of three time estimates used in PERT analysis?

#### SECTION – B

Answer **any four** questions. **Each** questions carries **five** marks. (4X5=20)

- What are the managerial applications of operations research? Explain.
- Enumerate the principal assumptions made in a sequencing problem.
- Given the pay –off of player 'A' solve the following game and find the value of the game to both players. Also determine the optimal strategies for the two players.

		Player- B				
		B <sub>1</sub>	B <sub>2</sub>	B <sub>3</sub>	B <sub>4</sub>	B <sub>5</sub>
Player- A	A <sub>1</sub>	2	4	3	8	5
	A <sub>2</sub>	4	5	2	6	7
	A <sub>3</sub>	7	6	8	7	6
	A <sub>4</sub>	3	1	7	4	2

P.T.O

5. Explain the important characteristics of a queuing system.
6. Describe the various types of replacement problems.
7. Explain the environment in which decisions are made under risk and uncertainty.

**SECTION-C**

Answer **any three** questions. **Each** question carries **ten** marks.

8. Given the supply, demand and unit cost of transportation, determine an optimal solution for the following minimal transportation problem.

		<b>To</b>			
		P	Q	R	<b>Supply</b>
<b>From</b>	A	2	7	4	5
	B	2	3	1	8
	C	5	4	7	7
	D	1	6	2	14
<b>Demand</b>		7	9	18	

9. Solve the following assignment problem using Hungarian technique and determine the minimum assignment cost and optimal assignment of jobs to men.

		<b>Men</b>			
		E	F	G	H
<b>Jobs</b>	A	18	26	17	11
	B	13	28	14	26
	C	38	19	18	15
	D	19	26	24	10

10. A small project consists of the following activities whose time estimate (in weeks) are given in the following table:

Activity	Time (in weeks)
1 – 2	2
1 – 3	7
1 – 4	8
2 – 5	3
3 – 5	6
3 – 6	10
3 – 7	4
4 – 6	6
5 – 7	2
6 – 8	5
7 – 8	6

Draw the project network and identify the critical path.

11. A machine costs Rs.10,000/- Maintenance costs vary as given below:

Year	1	2	3	4	5	6	7
Maintenance	500	800	1200	1500	2000	2500	3000

If money is worth 10% per year, what is the optimum replacement policy? The scrap value is negligible.

12. Use Johnson's Rule to determine an optimum sequence to the following sequencing problem:

Jobs	1	2	3	4	5	6
Machine 'X'	20	90	80	30	15	60
Machine 'Y'	25	60	75	20	35	50

Also, determine the total elapsed time and the idle time on the two machines.

P.T.O

## SECTION-D

### 13. Case study (Compulsory):

A farmer is not sure whether he should dig a tubewell in his field. He is presently using the canal water for irrigation of his fields for which he pays Rs.5,000/- per year. The history of tubewell digging in the village is not very encouraging; only 50 percent of the wells dug upto 200 feet yielded water. Some farmers drilled further upto 300 feet, but only 25% of them struck water at 300 feet. The cost of drilling is Rs.100/- per feet.

- a) Should the farmer drill upto 200 feet?
- b) If no water is in store at 200 ft. Should he drill upto 300 feet?
- c) Should he continue to buy water from Government for next 5 years, as the life of the tubewell is only 5 years.

Activity the farmer suitably.

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**III Semester M.B.A. Examination, June/July-2008**  
**Management**  
**Elective A: Finance**  
**Course-16A: Investment Management**

**Time:3 Hours**

**Max. Marks: 75**

**Instructions:** Attempt **all** Sections, Section D is **Compulsory**.

(5X2=10)

**SECTION – A**

1. Answer **any five** sub-questions. Each Questions carries 2 marks.
- a) What are the determinants of present value of money?
  - b) What is meant by Internal Rate of Return (RR)?
  - c) What is capital recovery factor?
  - d) How do you determine the profitability index?
  - e) How do you ascertain cash inflows after tax (CFAT) of the project?
  - f) What do you mean by sensitivity anlysis?
  - g) What is NPV?

**SECTION – B**

Answer **any four** questions. **Each** question carries **five** marks.

(4X5=20)

2. Explain in brief the capital budgeting process.
3. How do you estimate the profits of the project?
4. What are the factors be considered for identifying the plant location?
5. Why do you think that the modern techniques are superior to traditional techniques of capital budgeting? Explain.
6. What are the pros and cons of equity source of finance?
7. Write a note on life cycle of a project.

**P.T.O**

## SECTION - C

Answer any three questions. Each question carries 10 marks.

8. A bottle manufacture operates two machines, each with a capacity of producing 1000 bottles per annum. The machines have infinite life and no salvage value. The operating expenses are Rs.2 per bottle. During summer the machines work to full capacity. During winter because of slack in demand they work only at 50% capacity. The company is toying with the idea of replacing these machines with two identical machines. Each machine costs Rs.6,000 and last indefinitely. The operating costs are Re 1 per bottle. What should the company do? Cost of capital is 10%.
9. A company is considering two projects. The probability distribution as also the likely, net present values for each of these projects is furnished below:

<b>Project</b>	<b>A</b>	<b>Project</b>	<b>B</b>
4000	0.2	4000	0.15
8000	0.3	8000	0.35
11000	0.3	11000	0.35
14250	0.2	14000	0.15

**Determine:**

- 1) Expected NPV of the two projects.
  - 2) Risk attached to each of these projects.
  - 3) Which project would you prefer and why?
10. Explain in detail the project management practices in India.
11. Critically examine the Internal Rate of Return method of capital Budgeting.
12. What is a Decision Tree? Describe briefly the basic rules for drawing a decision tree. Also the role back technique in analysing a decision tree.

## SECTION-D

### 13. Case study (Compulsory):

Zola Pique Ltd. is a multinational with HQ in Mumbai. It has more than half a dozen subsidiaries in different countries, one of which, also a holding company is located in Nassan. The purpose of locating in a tax haven such a Nassan is aimed at minimising global tax liability, particularly in the area of dividend remittances. Zola Pique Ltd, are now keen on doubling their scale of operation in Berlin and in USA, at a total cost of the equivalent of pounds 120 Million. For purpose of matching international requirements, the company prepares its financials denominated in pound sterling, a summary of financial information is furnished below.

	Group as a whole	Euro subsidiary	US subsidiary
	UK £	Euro	US \$
Turnover	5040	2640	816
Pre tax earnings	672	408	90
Fixed assets	1440	840	300
Current assets	2160	960	252
Short term loans	(480)	(360)	(144)
Other liabilities	(840)	(480)	(96)
Sub total	2280	960	312
Funded by equity shares	480	120	24
Reserves	1080	300	156
Sub total	1560	420	180
Term debts	720	540	132
Total	2280	960	312

Zola is considering following alternatives:

- Euro equity issue.
- 15 year 10% Eurobonds issue, denominated in dollars.
- A syndicated facility for a term of 5 years denominated in ECU. This will be a 5 year loan of 162 million floating 1.5% over ECU base rate currently ruling at 5%

**Required:** Discuss the pros and cons of each issue.

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# III Semester M.B.A. Examination, June/July-2008

## Management

### Elective: A Finance

#### Course-17A: MERCHANT BANKING AND FINANCIAL SERVICES

Time:3 Hours

Max. Marks: 75

#### SECTION – A

1. Answer **any five** sub-questions. **Each** Questions carries **2** marks. (5X2=10)
- What is private placement?
  - What is primary market?
  - What is book building?
  - Define leveraged buyout.
  - Define financial lease.
  - What do you mean by factoring?
  - What is credit rating?

#### SECTION – B

Answer **any four** questions. **Each** question carries **five** marks. (4X5=20)

- Explain the functions of financial services.
- Explain the reasons for buy back of shares.
- Discuss the advantages of bill discounting.
- Explain the difference between the Hire purchase system and Instalment credit system
- Explain the various instruments of securitisation.
- Discuss the functions of stock exchange.

P.T.O

## SECTION - C

Answer **any three** questions. **Each** question carries **10** marks.

8. Explain in brief the different corporate advisory services of a merchant banker.
9. Discuss the pre-issue activities relating to issue management.
10. Describe the venture capital investment appraisal process and management.
11. Briefly explain the types and structure of insurance policies of LIC.
12. Discuss briefly the working credit rating agencies in India.

## SECTION-D

### 13. Case study (Compulsory):

ABC Ltd. is interested in acquiring asset costing Rs.5,00,000. It has two options

- i) To borrow amount at 12% p.a. repayable in five equal instalments.
- ii) To taken on lease the asset for a period of five years at the year end rentals of Rs.1,00,000. The corporate tax rate is 35% and depreciation is allowed as written down value at 20%. The asset will have a salvage of Rs. 1,20,000 at the end of the fifth year.

You are required to advice the company about lease or buy decision. The present value of Rs. 1 @ 12% discount factor.

<b>Year:</b>	1	2	3	4	5
<b>Discount factor:</b>	893	797	712	636	567

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**III Semester M.B.A. Examination, June/July-2008**  
**Management**  
**Elective: A Finance**  
**Course-18A: MANAGEMENT OF INFRASTRUCTURE FINANCING**

**Time:3 Hours**

**Max. Marks: 75**

**SECTION – A**

1. Answer **any five** sub-questions. **Each** Questions carries **2** marks. (5X2=10)
- a) What is WBS?
  - b) What is RAM?
  - c) Define milestone.
  - d) Define deliverables.
  - e) What is foreclosure?
  - f) What is quality audit?
  - g) What is environmental feasibility?

**SECTION – B**

- Answer **any four** questions. **Each** question carries **five** marks. (4X5=20)
2. What are the sources of long term finance for infrastructure projects?
  3. What are the functions of IDEC?
  4. How are the infrastructure mutual funds performing in India?
  5. What is global competitive bidding?
  6. Explain the various instruments of securitisation.
  7. What are the fiscal incentives for infrastructural projects?

**P.T.O**

## SECTION - C

Answer **any three** questions. **Each** question carries **10** marks.

8. Discuss the stages of a project life cycle.
9. Analyse the financing needs of infrastructure projects in India.
10. Discuss the various forms of PPP in infrastructure projects.
11. Discuss the issues in tariff fixation in infrastructure projects.
12. Evaluate the risks in executing infrastructure projects.

## SECTION-D

### 13. Case study (**Compulsory**):

The Government of Karnataka recently launched metro rail project for Bangalore city at a cost of more than Rs. 6,000 crores. Analyse the financing of this project. What are the issues involved in fixing tariff for commuters?

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