

M. Com. I
Regulation Feb-2023

Paper / Subject Code: 71801 / Strategic Management

Duration: 2 hours

Marks: 60

Note: 1) All questions are compulsory and carries 15 marks each.

2) Figures to the right indicate full marks.

Q1. a) Define strategic management and discuss its benefits? 15

b) Explain briefly the business level strategies of an organisation.

OR

c) Explain the various human resource strategies of a functional strategies of business.

d) With the help of examples, explain the macro environmental factors of business.

Q2. a) What is joint venture? Explain the types and advantages of joint venture. 15

b) Write a note on SWOT analysis.

OR

c) Describe the steps involved in strategic implementation process.

d) Elucidate the advantages of budgetary control.

Q3. a) Elaborate on the internal and external causes of corporate renewal. 15

b) What is strategic alliance? Explain the problems of strategic alliances.

OR

c) Explain the governing strategies of PPP model in India.

d) Explain the limitations of Information Technology in business.

Q4. A) Select the appropriate option and fill in the blanks: 5

1. The term 'Strategy' is taken from the _____ word 'Strategos'.

a) Greek b) Latin c) French d) Japanese

2. _____ is a strategy to covert loss-making unit into profitable again.

a) Turnaround b) Diversification c) Liquidation d) Growth

3. In BCG matrix, the feature of _____ low industry growth and low market share.

a) Stars b) Cash-cows c) Question marks d) Dogs

4. _____ is a physical effect of disaster.

a) Trauma b) loss of employment c) Social evils d) Death

5. The Government of India launched the Start-up India Movement on 16 January, _____ at New Delhi.

a) 2000 b) 2016 c) 2020 d) 2022

B) State whether the following statements are True or False: 5 marks

1. The analysis of external environment helps to identify the strength and weakness of an organisation.
2. Diversification is a combination of two or more companies into one company.
3. Strategic evaluation and control are the first phase of strategic management process.
4. Information Technology is useful in every phase of strategic management.
5. The Government of India has set up the National Disaster Management Authority with Prime Minister of India as a Chairperson.

C) Match the Following: 5 marks

Group A	Group B
1. Product modification	a. Winding up of business
2. Liquidation Strategy	b. Market Leaders
3. ETOP	c. Marketing Strategy
4. Stars	d. Re-organising of business
5. Corporate Restructuring	e. Environmental Analysis

OR

Q4. Write Short Note on: (any 3)

15 marks

1. Reasons for growing BPO in India
 2. Business Process Reengineering
 3. Consequences of Disaster
 4. Start-ups and its challenges
 5. Make in India Model
-

Time : 2 Hours

Total Marks: 60

Please check whether you have got right question paper

- N.B.** 1. All questions are compulsory.
2. Figures to the right indicate full marks
3. Draw neat diagrams wherever necessary

1. (a) Explain the theory of attributers in detail. (8)
(b) Discuss the consumer's equilibrium with the help of indifference curve and price line. (7)

OR

- (c) What is snob effect? Discuss how it is different from bandwagon effect. (8)
(d) Explain the paradox of bumper harvest (7)

2. (a) Explain the law of variable proportions with suitable diagram. (8)
(b) Bring out the relationship between AFC, AVC, ATC and MC with the help of diagram. (7)

OR

- (c) Explain production function with two variable inputs and show economic region of production with the help of ridge lines. (8)
(d) Discuss different kinds of internal economies in detail (7)

3. (a) What is market structure? Identify the major differences between perfect competition and imperfect competition. (8)
(b) What is monopolistic competition? Explain its broad features. (7)

OR

- (c) Discuss in detail different sources of Monopoly power (8)
(d) Explain with a suitable diagram how a dominant firm will decide the price and output under collusive oligopoly. (7)

4. (a) Choose the right option from the following (7)
i. Opportunity cost of resources already owned by the firm and used in business is called

- _____
- a) Implicit cost.
b) Explicit cost.
c) Historical cost
d) Social cost.

- ii. Market failure takes place due to _____.
- a) Perfect information..
b) Private goods
c) Public goods.
d) Perfect competition.

- iii. Total revenue minus total costs is _____.
- a) Economic profit
 - b) Accounting profit.
 - c) Negative profit.
 - d) Unexpected profit.
- iv. When there are negative externalities, the price should be adjusted so that is _____.
- a) Social cost.
 - b) Private cost.
 - c) Historical cost
 - d) Money cost
- v. The production possibility curve is _____.
- a) Convex.
 - b) Concave.
 - c) Circle.
 - d) Straight line.
- vi. Economic inefficiency can be corrected by reducing _____.
- a) Production
 - b) Employment
 - c) Wastages
 - d) Competition
- vii. A personal car is an example of _____.
- a) Public good
 - b) Merit good
 - c) Demerit good
 - d) Private good

(b) Give precise meaning of the following. (8)

- a) Business Economics
- b) Market economy
- c) Marginal principle
- d) Invisible hand

OR

4. Write short note on any three of the following (15)

- a) Market failure
- b) Determinants of demand.
- c) Applications of elasticity of demand.
- d) Learning curve,
- e) Basic concepts of game theory.

XXXXXX

(2 Hours)

[Total Marks: 60]

Instructions:

- All questions are compulsory and subject to internal choice.
- Figures to the right indicate full marks.
- Make suitable assumptions whenever required and state them.
- Use of simple calculator is allowed.

Q1.

A) TVS Tyres Ltd had budgeted production of 10,000 units. The expenses are as follows:

[15 Marks]

Particulars	Cost Per Unit (Rs.)
Materials cost	70
Wages cost	25
Direct Expenses	5
Variable Overheads	20
Fixed Overheads (Rs.1,00,000)	10
Administrative Overheads (Rs. 50,000) (100% fixed)	5
Selling Overheads (10% Fixed)	13
Distribution Overheads (20% Fixed)	7

Prepare a Flexible Budget for the production of 6,000 units, 8,000 units and 10,000 units showing Variable Cost, Fixed Cost in Total and Cost Per Unit at each level of production.

OR

Q1.

B)

[15 Marks]

The following information is extracted from various functional budgets prepared for Ajanta Ltd. You are required to prepare a cash budget for three months ending 30th June, 2022.

Months	Sales	Materials	Wages	Overheads
February	3,00,000	1,88,000	60,000	32,000
March	3,00,000	1,80,000	60,000	36,000
April	4,00,000	1,80,000	64,000	40,000
May	5,00,000	2,00,000	72,000	44,000
June	3,60,000	2,20,000	80,000	48,000

- Cash and Bank balance on 1st April, 2022 is expected to be Rs. 1,60,000
- Credit terms are Sales/Debtors - 20% sales are on cash, 50% of the credit sales are collected in next month and the balance in the following month.
- Credit extended are as follow:
Creditors - 2 months,
Wages 1/4 month and
Overheads 1/2 month
- Machinery at a cost of Rs. 10,00,000 will be installed in February 2022. The instalment amount of Rs. 50,000 p.m. are payable from April, 2022 onwards.
- Annual interest at the rate of 10% p.a. is provided on a Bank Loan of Rs. 12,00,000, which will be paid on 1st June, 2022.
- Advance of Rs. 1,40,000 is to be received from the sale of assets in June, 2022.

Q2.

A)

[15 Marks]

Product	Standard			Actual		
	SQ	SP	SC	AQ	AP	AC
X	800	50	40,000	840	45	37,800
Y	400	20	8,000	480	25	12,000
Z	200	15	3,000	180	15	2,700
*	1,400	*	51,000	1,500	*	52,500
Normal Loss	50	*	*	150	*	*
Total	1,350	*	51,000	1,350	*	52,500

From the above information calculate the following variances:

- Material Cost Variance
- Material Price Variance
- Material Usage Variance
- Material Mix Variance
- Material Yield Variance

OR

Q2.

- B) Mr Vikram runs Hotel Deluxe which has 20 rooms and each room has a maximum capacity of 4 beds. 80% of the rooms were fully occupied for the whole year and 20% of the rooms were occupied by the customer to the extent of 50% of the room capacity. Assume a year comprises of 360 days. The following costs were incurred during the year ended 31-12-2022.

Particulars	Rs.
Salaries to Staff	3,00,000
Rates and Taxes	2,95,600
Electricity	3,20,000
<u>Depreciation on</u>	
Building	1,80,000
Furniture	30,000
Equipment	40,000
Sundry Expenses	76,000

A room attendant is paid @ Rs. 36 per day per room when occupied.

Food cost Rs.30 per customer per day.

Ascertain the amount to be charged per customer per day to cover both, accommodation and food costs, plus profit @ 10% return on capital employed which is Rs. 31,36,000.

[15 Marks]

Q3.

A) Following is the cost structure of an engineering product manufactured by NICO Ltd.

Particular	Amount Rs. (Per Unit)
Material	2,000
Labour	500
Variable Overheads	500
Fixed Overheads	1000
Total Cost	4,000
Profit	1,000
Sales Price	5,000

The above cost structure is based on 50,000 units p.a. The company propose to reduce the selling price per unit but want to keep the total profit intact.

You are required to prepare profitability statement showing the position, if selling price is reduced by 15% and selling price is reduced by 20% [15 Marks]

OR

Q3.

B) The Asian Industries specialize in the manufacture of small capacity motors. The Cost Structure of a motor is as under:

Material Rs. 50

Labour Rs. 80

Variable overheads 75% of labour cost.

Fixed overheads of the company amount to Rs. 2.4 lakhs per annum.

The sale price of the motor is Rs. 230 each

- (i) Determine the number of motors that have to be manufactured and sold in a year in order to achieve break-even
- (ii) How many motors will have to be made and sold to make a profit of Rupees One Lakh per year?
- (iii) If the sale price is reduced by Rs. 15 each, how many motors will have to be sold to achieve break-even?

[15 Marks]

Q4.

A) Multiple Choice Questions:

[8 Marks]

1. The entire budget of the organization is controlled and headed by the senior executive known as _____.
 - a. General Manager
 - b. Accountant
 - c. Executive Manager
 - d. Budget Controller
2. Budget period depends on _____.
 - a. Technical Policy
 - b. Government policy
 - c. Social policy
 - d. Management policy

3. Standard cost is a _____
 - a. pre-determined cost
 - b. profit variable
 - c. Fixed cost
 - d. Variable cost
4. Sales Value Variance is said to be favourable when _____
 - a. actual sales are less than budgeted sales
 - b. actual sales are more than budgeted sales
 - c. When actual sales are equal to budgeted sales
 - d. Actual price is more than budgeted price
5. _____ organisations should not be advised to use service costing.
 - a. Distribution service
 - b. Hospital
 - c. The maintenance division of a manufacturing company
 - d. A light engineering company
6. If the profit is 50% of the operating cost, it is of the invoice price.
 - a. 20%
 - b. 25%
 - c. 16.66667%
 - d. 33.33334%
7. BEP is the point at which there is _____ profit and _____ loss.
 - a. Minimum, maximum
 - b. No, No
 - c. Maximum, minimum
 - d. Fixed, Variable
8. Make or buy decision arise when a company with unused production capacity considers _____
 - a. to use available capacity to produce the items within the company
 - b. to import goods from foreign market
 - c. to use the existing production facility
 - d. to avoid taxes on purchase of goods

Q4.

B) True or False:

[7 Marks]

1. Total budgeted fixed costs appearing on a flexible budget will be the same amount as total fixed costs on the master budget.
2. The use of budgets in controlling operations is known as budgetary control.
3. Overhead Variance is nothing but variation in the absorption or recovery of overheads.
4. Revised Standard Quantity for each input is required to be computed for calculating Material Price Variance.
5. Details of the journey is shown by the daily log sheet.
6. Taxes is a fixed cost in the operating cost statement.
7. The profit calculated under absorption costing and marginal costing is always equal.

OR

Q4.

C) Write short notes: (Any Three)

[15 Marks]

- a. Angle of incidence
 - b. Standard Costing v/s Budgetary Control
 - c. Overhead Variances
 - d. Sales Budget
 - e. Operating Costing of Transport Services
-

Time 2 Hours

Total Marks: 60

N.B. 1) All Questions are compulsory.

2) Figures to the right indicate full marks.

Q. 1 Answer the following: (Any Two) (15)

- a) Explain the characteristics of Business Ethics.
- b) What is an Ethics? Describe their sources.

OR

- c) Explain any four approaches to Business Ethics.
- d) Describe the emergence of new values in Indian industries post 1991.

Q. 2 Answer the following: (Any Two) (15)

- a) Explain ethical issues in Information Technology.
- b) Define Corporate Governance. Explain importance of Corporate Governance

OR

- c) What is an Audit committee? Discuss the role of an Audit committee.
- d) Explain the consequences of failure of Corporate Governance

Q. 3 Answer the following: (Any Two) (15)

- a) Explain in brief the scope of Corporate Social Responsibility.
- b) Explain the concept of Corporate Philanthropy and its types.

OR

- c) Explain in brief CSR practices in Indian corporations.
- d) Describe the integration of CSR into business operations.

Q. 4 A) State whether the following statements are True or False: (5)

- i) Plagiarism refers to copying of others published work.
- ii) The ISO 19011 audit standard applies when auditing for both 9000 and 14000 compliance is required at once.
- iii) CSR is a economical responsibility of the company towards its various stakeholders.
- iv) The term "green HRM" is concerned with HR activities undertaken to achieve environmental sustainability.
- v) Value determine what is right and what is wrong while Ethics relaes to doing what is right or wrong.

B) Fill in the blanks with appropriate option: (5)

- i) _____ Series are principles-based standards to help organisations become more accountable, responsible and sustainable.
- ii) Fair Labour Association is concerned with _____ industry.
(Automobile, Garment, FMCG, Safety)
- iii) _____ theory holds that ends or consequences of an act determine whether the act is good or bad.
(Deontological, Teleological, Utilitarian, Justice)

- iv) _____ is a bundle of rights given by the law to the creators of musical and artistic work. (Copyrights, Trade Mark, GIS, Patent)
- v) _____ - model of CSR is of the view that free market would take care of CSR. (Ethical, Liberal, Static, Stakeholder)

C) Match the following: (5)

Group A	Group B
1. Deontological Theory	a) Aristotal
2. Triple Bottom Line	b) Netherlands
3. Virtue Theory	c) Immanuel Kant
4. Clean Clothes Campaign	d) R & D Activities
5. Product Ethics	e) John Elkington

OR

Q. 4 Write short notes (any three) : (15)

- a) Steps in designing CSR policy
 - b) ISO 14000
 - c) Functions of UNDP
 - d) CSR and Sustainable Development
 - e) Major codes on CSR
-