



**General Instructions:**

- i) Answer to the questions carrying 1 mark may be one word to one sentence.
- ii) Answer to the questions carrying 3 marks may be from 50-70 words.
- iii) Answer to the questions carrying 4-5 marks may be of about 150 words.
- iv) Answer to the questions carrying 6 marks may be of about 200 words.
- v) Attempt all parts of question together.

- 1. Which company is in a position to declare high dividend? 1
- 2. Which is Riskless source of finance? 1
- 3. Which instrument of money market is drawn by one business firm on another for a period of 90 days? 1
- 4. Mention two major alternative mechanisms through which allocation of funds can be done. 1
- 5. In which form of market is ownership of existing securities exchanged between investors? 1
- 6. Blue chips Ltd offers to its employees, issue of shares at a price which is less than the market price.
  - i) Name and explain the type of incentive offered to the employees.
  - ii) Explain one more incentive of the same category. 3
- 7. State the type of barriers mentioned in the following statements:
  - i) Personal factors of both sender and receiver.
  - ii) Authority relationships and rules and regulations obstruct communication.
  - iii) A worried person cannot communicate properly. 3
- 8. Name the type of formal communication illustrated in the following examples:
  - i) Application for grant of leave.
  - ii) Sending notice to employees to attend a meeting.
  - iii) A production manager contacting a marketing manager to prepare a schedule for production. 3
- 9. Explain the various types of leadership styles. 3
- 10. Explain the following as factors affecting the choice of Capital structure:
  - i) Cash flow position.
  - ii) Cost of equity.
  - iii) Floatation costs.
  - iv) Stock market conditions. 4
- 11. Distinguish between Capital Market and Money Market on the basis of following:
  - i) Participants.
  - ii) Investment outlay.
  - iii) Liquidity.
  - iv) Instrument. 4
- 12. Explain briefly critical point control and management by exception as a technique of controlling process. 4
- 13. What is meant by controlling? Explain the limitation of controlling. 5
- 14. What is meant by financing decision? State any four factors affecting the financing decision. 6