

# IAS Mains Commerce 1991

## Paper II

1. What is an optimum capital structure? Does it mean only maximisation of the market value of the firm? Discuss fully In this connection do you agree the David Durand? Why? Illustrate
2. Answer the following questions
  - a. Differentiate among:
    - i. Investment decision
    - ii. Financing decision
    - iii. Dividend decision

Give examples.

  - b. What is capital rationing? Explain it in detail.
  - c. Illustrate the computation of the cost of equity capital the cost of debt and the cost of depreciation, using data of your choice.
3. Answer the following questions
  - a. The ABC Company estimates that it can save Rs. 2, 800 a year in cash operating cost for the next ten years if it buys a special purpose machine at a cost of Rs. 11, 000. No residual value is expected. The Companys minimum desired rate of return is 14% (Round all computations to the nearest rupee. Ignore income taxes), you are required to compute:
    - i. Payback period
    - ii. Using discounted cash flow: Time-adjusted rate of return & Net present value
    - iii. Payback reciprocal
  - b. Front the following you are required to calculate the Debtors turnover for the following. Net Sales: 9, 00, 000, Debtors beginning of year: 86, 000, Debtors end of year: 1, 17, 000

## Paper II

### Section A

1. Write notes on any three of the following in not more than 200 words on each:
  - a. McGregors Theory X and Theory Y assumptions
  - b. The concept of Goal Congruency in organisations
  - c. Vrooms Expectancy Theory of Motivation
  - d. Organisational change
2. Relying on the basic tenets of the Scientific Management School, produce arguments infavour of the proposition that this School of Thought looks upon human performers as adjuncts to machines

3. An organisation is engaged in satisfying behaviour and not maximising behaviour in relation to its goals. Explain the implications of the above statement and critically examine the argument that maximising behaviour is inconsistent with the concept of bounded rationality.
4. Discuss the conceptual difference between power and authority in an organisation and distinguish between position power and personal power. What are the usual sources of power?

## **Section B**

1. Write notes on any three of the following in not more than 200 words on each:
  - a. The concepts of Living-wage and Fair-wage
  - b. Personnel Audit
  - c. Machinery for prevention and settlement of Industrial Disputes.
  - d. International labour Organisation
2. Discuss briefly the basic characteristic features of Trade Union Movement in India during the postindependence period.
3. What is collective bargaining? Discuss the efficacy of collective bargaining as an instrument in the hands of organised labour in Indian conditions.
4. Critically discuss the present position and future prospects of workers participation in management in India.