

MBGN 4001/FM 4001/
IN 4001/MBLG 4004

M.B.A. DEGREE EXAMINATION, JUNE 2015.

Fourth Semester

General/Finance/ Insurance Management

INVESTMENT AND PORTFOLIO MANAGEMENT

(2012 – 2013 Batch Onwards)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. Define "Money market". Explain the common Money Market Instruments.
2. Explain the means and ways of economic forecasting. What are the factors you will take into account for such an analysis?
3. What do you mean by New Issue Market? What are the challenges faced by the new issue market post financial crisis?
4. Explain the Markowitz theory of portfolio construction.

5. Write Short Notes on :

- (a) Sharpe's Performance Index
- (b) Treynor's Performance Index.

6. Explain the differences between Fundamental and Technical Analysis. As an analyst which do you prefer? Why?
7. What are the charting methods available in Technical Analysis? Are they useful indicators? Discuss.
8. What are the various types of portfolios depending upon the investor needs?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. Explain the structure of the Capital Market. Is the Structure effective in implementing its objective?
10. What is portfolio diversification? How can efficient diversification be achieved? Explain.
11. Explain CAPM model with a suitable example.
12. What is the theory of random walk? How is it different from fundamental analysis?

13. What is the concept of derivatives? What is the role of derivatives in a free market?
14. Explain the investor's protection measures taken by the regulatory authorities in the primary market.
15. Discuss the relationship between fundamental analysis and efficient market hypothesis.
16. What are the economic indicators that affect the Indian Stock Market?

PART C — (1 × 20 = 20 marks)

Compulsory

17. An investor is seeking the price to pay for a security, whose standard deviation is 3.00 per cent. The correlation coefficient for the security with the market is 0.8 and the market standard deviation is 2.2 per cent. The return from government securities is 5.2 per cent and from the market portfolio is 9.8 per cent. The investor knows that, by calculating the required return, he can then determine the price to pay for the security. What is the required return on the security?

MBFM 4002

M.B.A. DEGREE EXAMINATION, JUNE 2015.

Fourth Semester

Finance

GLOBAL FINANCIAL MANAGEMENT

(2012-2013 Batch Onwards)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. What are the various scopes of International Finance?
2. Explain the concept of disequilibrium in BOP. How does disequilibrium arise? How can it be restored?
3. Write short notes on :
 - (a) Euro Commercial Paper
 - (b) Euro Deposits
4. Explain "Operating Exposure".

5. Explain the market imperfection conditions and their effects on FDI.
6. What are the various purposes of overseas investment?
7. Define "Currency Risk". What are the types of currency risk?
8. Multinational Financial Management should be different from Domestic Financial Management – Do you agree. Explain.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. Explain European Monetary System. How did the European Monetary System work?
10. What are the components of Balance of Payment?
11. What is Euro bond market? How does International stock market operation is an important aspect to a MNC?
12. What are the various types of Exposure in Currency Risk?
13. Explain the various Forms of FDI.

14. Elucidate the settlement of transactions in the International Financial Market.

15. Describe the financial instruments and also the factors determining the foreign exchange rate.

16. Discuss the role of IMF and that of the central bank of currency across in the world in determining the value of foreign currency.

PART C — (1 × 20 = 20 marks)

(Compulsory)

17. Why Foreign Institutional Investment considered inherently more unstable than Foreign Direct Investment? Enumerate the policy pronouncements on Foreign Investment in the last budget and its implications for domestic firms.

capable of mobilizing resources to purchase generators. Though some States like Uttar Pradesh subsidized the purchase of generators by tanneries to the extent of 50%, which is not available in other States.

A new trend in leather manufacture in the developed countries is the use of computers for the simplification of existing machinery in the leather manufacture. Already micro electronics is being applied to certain process of leather goods manufacture. The scales of resources of the Indian units again pose a problem in respect of such modernization. Further, if and when these electronics computer control machinery are introduced in the third World countries, the cost differentials will be less because operations will be less labour-intensive.

- (a) Discuss the brand and pricing strategies appropriate to promote Indian leather goods in the International market.
- (b) What can the leather export promotion council do to improve the image of Indian leather goods?

MBFM 4003/MBLF 4003

M.B.A. DEGREE EXAMINATION, JUNE 2015.

Fourth Semester

Finance

INTERNATIONAL TRADE AND FINANCE

(2012-2013 Batch onwards)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. State the benefits of International Trade.
2. What is meant by Balance of Trade?
3. Discuss ECGC and its schemes.
4. Explain Pre-Shipment and Post-Shipment.
5. Mention the salient features of Foreign Exchange Markets.
6. Explain Spot Prices and Forward Prices.
7. Write a note on Bill of Exchange.
8. Write a short note on Export House.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. Examine the Barriers to International Trade.
10. Describe the Indian EXIM Policy.
11. What is meant by Letters of Credit? Explain its various types.
12. Mention in detail the factors influencing Foreign Exchange Rates.
13. What are the tools for Hedging against Exchange Rate variations?
14. Explain the objectives and functions of FEMA.
15. What are the various documents related to Export Trade in India?
16. State the Export Promotion Schemes in India.

PART C — (1 × 20 = 20 marks)

(Compulsory)

17. Case Study:

MARKETING PROBLEMS OF LEATHER GOODS.

Leather and leather manufactures are among important non traditional exports of India. Major markets for leather and leather manufactures of India are Italy, U.K, West Germany, France, U.S.S.R, East Germany, Yugoslavia, Australia and Japan.

Indian leather goods export, however, faces certain problems. One important problem appears to be the unfavorable consumer's attitude towards the Indian goods. According to Mr. R.Srinivasan, former President of leather export promotional council, leather goods from India faces a highly biased international market. At a recent Paris fair, he had himself exhibited goods that could not be bid for more than \$85. But, changing the site of exhibition to a German stall he could market the same for \$125, just because it was carrying a different brand name.

Italian goods enjoy a good reputation in western markets and the benefits the manufacturers enjoy are easy availability at low price of chemicals needed for leather goods. When compared with Italy India has only cheapest labour but machinery and chemicals are not up to the market. Indian leather goods when imported to Italy are stamped by Italian firms and re-exported to other countries with better price.

In India nearly 70% of the leather is used for making footwear in demand outside the country, only 30% fetches better remuneration. Indian makers do not seem to be keen to manufacture high priced goods because of high risk in demand.

The Indian leather industry is predominantly in the small scale sector. The power famine has hit the leather industry also. The small scales are not

SEBI has agreed to settle the case after the two companies cannot invest in any listed shares in the secondary market, other than mutual funds, until December 2012 and the individuals specified were banned from investing in the secondary market until December 2011 (SEBI Consent Orders).

Mr. Santosh, a student of finance in a business school, had many questions after reading these reports.

- (a) Does SEBI probe only irregularities in the market?
- (b) How are investors protected by SEBI?
- (c) Does SEBI have its own Acts and Regulation?

MBFM 4004 / MBLF 4004

M.B.A. DEGREE EXAMINATION, JUNE 2015.

Fourth Semester

Finance

SECURITY MARKET OPERATIONS

(2012 – 2013 Batch onwards)

Time : Three hours Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. Explain the rationale of SEBI.
2. State the genesis of the Security Contract (Regulations) Act, 1956.
3. Discuss the role and functions of Primary Market.
4. Explain e-trading.
5. Define Stock Exchange. Mention the characteristics of Stock Exchange.
6. Write a note on Internet based trading.
7. Who are called Depository participants?
8. Explain the meaning and types of Preference Shares.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. Explain the important provisions of the Securities Contract Regulation Act, 1956.
10. Discuss the functions and working of RBI.
11. Describe the methods of selling securities in primary market.
12. Bring out the role and responsibilities of underwriters in the new issue market.
13. Mention in detail the procedure for listing of securities on a stock exchange.
14. Explain the origin, structure and management of a Stock Exchange.
15. Examine the reasons for popularization of depository system in India.
16. Explain the meaning, features and types of debentures.

2

MBFM 4004 /
MBLF 4004

PART C — (1 × 20 = 20 marks)

Compulsory

17. Case Study

In December 2011, the Securities and Exchange Board of India (SEBI) banned seven companies and three merchant bankers for violating initial public offerings (IPO) norms. The investigation was related to disclosure of complete information in the offer document, proceeds of the IPOs that were diverted into improper avenues, violations on listing of the stock on the first day and other related matters. (Economic Times, 29 December, 2011).

The Stock market regulator, SEBI, suspected foul play in the crash of markets in early 2011. It probed at least 25 entities, including brokerage firms, FIIs, and mutual funds. (Times of India, 14 February, 2011)

In January 2011, SEBI barred Reliance Infra and RNRL from investing in the secondary market, and imposed a charge of Rs. 50 crores for the alleged unfair market dealing by the companies.

3

MBFM 4004 /
MBLF 4004

MBFM 4005 / MBLF 4005

M.B.A. DEGREE EXAMINATION, JUNE 2015.

Fourth Semester

Finance

FINANCIAL DERIVATIVES

(2012 – 2013 Batch onwards)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. Define Derivatives. What are their features?
2. State the uses of Derivatives.
3. Explain the concept of Options.
4. Mention the Determinants of Option Prices.
5. Explain various types of Financial Futures Contract.
6. Write a note on Forward Contract vs Future Contract.

7. Discuss the objectives and benefits of Hedging.

8. Explain the Categories of Derivative traded in India.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. Describe the history of Derivatives Markets.
10. Explain the classification of Forward Contracts.
11. Mention in detail the various types of Options.
12. Explain the concept, growth of the Swap Market and the basic Swap structures.
13. Trace the evolution of Futures Market in India and also the functions of Futures Market.
14. Discuss the theories of Futures Prices.
15. Examine Stock Index Futures Trading in Indian Stock Market.
16. Write an essay on Regulations of Financial Derivatives in India.

2

MBFM 4005 /
MBLF 4005

PART C — (1 × 20 = 20 marks)

Compulsory

17. Case Study:

Many managers prefer to use options to hedge their exposure because it allows them the possibility of capitalizing on favorable movements in the exchange rate. In contrast, a company using forward contracts avoids the downside but also loses the upside potential as well.

Comment on this strategy.

3

MBFM 4005 /
MBLF 4005