

MBFM 4001/MBGN 4001/
MBIN 4001/MBLG 4004

M.B.A. DEGREE EXAMINATION, JUNE 2017.

Fourth Semester

Marketing/Finance/IN/General

INVESTMENT AND PORTFOLIO MANAGEMENT

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. Distinguish carefully between investment and speculation.
2. Explain the structure of Indian Financial Markets.
3. State the significance and interpretation of the economic analysis.
4. Briefly explain Dow theory.
5. When do we adopt Random Walk Hypothesis? Why?
6. What is efficient frontier?

7. Explain the need for Portfolio revision.
8. Briefly explain the concept of Jensen's Performance Index.

PART B — (5 × 10 = 50 marks)

Answer any FIVE out of the following.

9. Discuss different types of bonds.
10. Explain investment alternatives available to the rational investors in India.
11. Explain industry life cycle.
12. Write an essay on Financial Analysis.
13. What are the bases for technical analysis? Critically evaluate any three tools of technique analysis.
14. Discuss the various stages in Portfolio Construction.
15. If the market Portfolio is efficient? What is the relationship between the Beta factors for stocks and their expected rate of return?
16. What is CAPM? How is it different from APT?

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PART C — (1 × 20 = 20 marks)

Compulsory

17. Case Study :

What economic factors would you consider before you invest in equality market.

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M.B.A. DEGREE EXAMINATION, JUNE 2017.

Fourth Semester

Finance

GLOBAL FINANCIAL MANAGEMENT

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. How far is international finance significant in the Indian context?
2. Explain the concept of deficit in BOP.
3. What is current account? What are the items shown in the current account?
4. Write a note on international credit market.
5. Distinguish between foreign exchange exposure and risk.
6. Define transaction exposure.
7. List and describe the important benefits of FDI to the host country.
8. Describe the different modes of making foreign direct investment.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. "The Indian exchange rate regime underwent changes in line with the global developments". Describe these developments.
10. Distinguish between autonomous transactions and accommodating transactions in the BOP.
11. What are the major sources of international funds? Describe them briefly.
12. What are international bonds? Describe the different types of international bonds.
13. When does translation exposure arise? Why is it known as accounting exposure?
14. "The firm may have to modify its policies relating to pricing, choice of markets, input sourcing, location of production, etc. for managing operating exposure." Discuss with suitable examples.
15. Explain how market imperfections in other countries motivate FDI in such countries.
16. Briefly describe the different strategies adopted in FDI.

PART C — (20 marks)

(Compulsory)

17. As a Treasury Manager, with the help of the following data, advise me whether to invest in Germany or in USA.

Interest rate in Germany is 3.5 % per annum and in USA is 4.25 % per annum.

The Spot rate is DM0.32 / USD.

The 12 month Forward rate is DM 0.33 / USD.

Moreover, if the Inflation rate of USA is 3.5% and that of Germany is 4.5%, the expected Spot rate after one year is DM 3.5 / USD. Calculate the Current Spot Rate.

Based on this, advise me whether I should buy a product from (a) Germany or USA and (b) now or after one year. Justify.

which Mahindra will source high horse power (mostly 25-40 hp range) and sell them around the world under the M & M brand name. To start with, the premium range of tractors will be sold in US. M&M's current tractor range is more utility oriented and lacks the aesthetic appeal that Tong Yang's tractors have, a must for a strong presence in the US market.

Questions :

- (a) What are the advantages and disadvantages of global sourcing?
- (b) How will the foreign market expansion help M & M?
- (c) How does the strategic alliance with Tong Yang benefit M & M?
- (d) What are the possible risks of the alliance? How can they be overcome/minimized?

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Fourth Semester

Financial Management

INTERNATIONAL TRADE AND FINANCE

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. State the main features of International Trade.
2. What is meant by Balance of Trade? Distinguish it from balance of payments.
3. Write short note on :
 - (a) Export Licensing
 - (b) Post-shipment credit.
4. Explain the Mechanism involved in Letter of credit.
5. Bring out the advantages and disadvantages of hedging using futures contract.
6. Discuss the main provision of FEMA.

7. What are the different contents used for Bill of Lading?
8. Explain the functions of Special Economic Zones (SEZs) and Export House to Indian Exporters.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Discuss about the benefits that can be obtained from International Trade.
10. Briefly explain the objectives of Indian EXIM Policy.
11. State the importance of export finance and discuss the various sources of short-term finance for exporters.
12. Describe the various types of Guarantees Provided by ECGC.
13. Explain the various Documents needed for exporting goods from India.
14. Write a short note on :
 - (a) Export Declaration Forms
 - (b) GR Forms
 - (c) Softer Forms.

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15. What is Aligned documentation system? Explain the different shipping term used in Export.
16. What are the financial incentives available to exporters in India?

PART C — (1 × 20 = 20 marks)

Compulsory

17. Case Study :

Mahindra & Mahindra (M & M) is a major player in the tractor and certain segments of the automobile market in India. After an impressive growth for a few years, the tractor market in India has been stagnating during 1998-1999 to 2000-2001. M&M has been selling its tractors and utility vehicles in foreign markets including USA. Some of the components for its have been sourced from abroad.

M & M has a 100 per cent subsidiary in USA, Mahindra USA, with a strong network of 100 dealers. Mahindra has a five percent market share in the US market in the 28-30 horse power (HP) range.

As a part of the strategy aimed at building a global supply chain, Mahindra USA has signed a memorandum of understanding (MoU) with the Korean tractor major Tong Yang, a part of the \$ 2 billion Tong Yang Moolsam group, according to

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Fourth Semester

Finance/Lateral Entry

SECURITY MARKET OPERATIONS

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Explain the Regulations of Securities Contract Act 1956.
2. What is the role of FIIs in the Indian Stock Market?
3. What are the parties involved in the issue of shares in the Stock Market?
4. State the various functions performed by merchant bankers in India.
5. State the minimum requirements for listing of the securities on the stock exchange.
6. Explain the advantages of depository system.

7. Write short notes on :
- (a) Debentures
 - (b) Option Bonds
 - (c) Treasury Bills.
8. State the main procedure of inspection under SEBI Act-1996.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Narrate the SEBI guidelines for Foreign Institutional Investment (FII).
10. Explain the various measures undertaken by SEBI to protect the investors.
11. Describe the mechanics of underwriting of securities.
12. Discuss the various functions rendered by stock exchanges.
13. Explain the procedures of SEBI relating to listing of securities in a stock exchange.
14. What do you understand by depository participant? State the significances of NSDL.

15. What are the major drawbacks connected with the credit rating system?
16. Explain the main features of stock index futures.

PART C — (1 × 20 = 20 marks)

Compulsory.

17. Case Study.

Any fluctuation in the value of currency will influence the capital market. An increase in the domestic currency value will attract flow of capital, while a decrease in the domestic currency value will lead to flight of capital.

Suggest the measures to improve the inflow of capital in a situation where in the currency value is low.

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Fourth Semester

Finance

FINANCIAL DERIVATIVES

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. What are derivatives? State its features.
2. Explain the different types of financial derivatives with suitable examples.
3. What are the factors determining the value of options?
4. State the different types of Interest rate SWAPS.
5. Describe the various financial operators involved in future market.
6. Examine the present position of derivative market in India.

7. What are the benefits of derivatives market?
8. Explain the various hedging schemes in Indian Securities market.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Explain the functions of financial derivative markets in India.
10. Discuss the different methods of option pricing.
11. Distinguish between forward contract and future contract.
12. Explain the functions of binomial option pricing model.
13. What is stock index? State its features.
14. Explain the importance of portfolio Insurance.
15. Describe the major recommendations of Dr. L.C. Gupta committee of derivatives markets in India.
16. State the regulatory mechanism for derivative markets in India.

PART C — (1 × 20 = 20 marks)

Compulsory.

17. Case study :

A company plans to issue \$20.0 million commercial papers at a current yield of 8.40 percent. But it expects a rise in interest rate and so it goes for a swap option available at a strike rate of 8.50 percent.

Explain how swap option covers the risk if interest rate rises to 8.48 percent and then 8.52 percent.