

**THIRD SEMESTER M.A./M.Sc./M.Com. DEGREE (REGULAR) EXAMINATION
NOVEMBER 2020**

(CBCSS)

M.B.E. (Master of Business Economics)

MBE 3C 11—GLOBAL FINANCE

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Section A*Answer all questions.**Each question carries $\frac{1}{5}$ weightage.*

1. The period of gold standard was :
 - (a) 1947-1991.
 - (b) 1888-1914.
 - (c) 1935-1947.
 - (d) 1915-1947.
2. Automatic adjustment mechanism under the gold standard exchange system is called :
 - (a) Mint parity.
 - (b) Gold import point.
 - (c) Price specie flow mechanism.
 - (d) Purchasing power parity model.
3. The exchange rate between two countries is kept the same in different monetary centres by :
 - (a) Arbitrage.
 - (b) Speculation.
 - (c) Hedging.
 - (d) Forward transaction.
4. Which of the following states that the equilibrium exchange rate is equal to the ratio of price levels in the two nations ?
 - (a) Absolute purchasing power parity theory.
 - (b) Relative purchasing power parity theory.
 - (c) Relative exchange theory determination.
 - (d) Absolute exchange theory determination.
5. Price specie flow mechanism is introduced by :
 - (a) David Hume.
 - (b) J. S. Mill.
 - (c) David Ricardo.
 - (d) Thomas Mun.

Turn over

6. The tendency of exchange rates to immediately depreciate or appreciate by more than required for long-run equilibrium.
- (a) Exchange rate overshooting.
 - (b) Exchange rate deterioration.
 - (c) J curve effect.
 - (d) None of these.
7. A deliberate increase in the exchange rate by a nation's monetary authorities from one fixed or pegged level to another.
- (a) Depreciation.
 - (b) Devaluation.
 - (c) Appreciation.
 - (d) None of these.
8. Which of the following is the objective of the IMF ?
- (a) To promote satisfaction among member nations.
 - (b) To ensure portfolio management of the nations.
 - (c) To ensure exchange rate stability.
 - (d) To provide loan to private sectors.
9. Which of the following is not a major trading centre of foreign exchange :
- (a) London.
 - (b) Singapore.
 - (c) Tokyo.
 - (d) Hong Kong.
10. Which of the following is/are component of financial account of BoP ?
- (a) Direct investment abroad.
 - (b) Direct investment in the nation.
 - (c) Equity securities.
 - (d) All of the above.
11. _____ allows investors to reduce risk by holding international securities whose price move independently.
- (a) International capital market.
 - (b) Capital market.
 - (c) International banking.
 - (d) None of these.

12. A simultaneous purchase and sale of foreign exchange for two different dates.
- (a) Currency devalue. (b) Currency swap.
(c) Currency valuation. (d) Currency exchange.
13. _____ refers to the avoidance of a foreign exchange risk.
- (a) Speculation. (b) Arbitrage.
(c) Hedging. (d) None of these.
14. The demand for foreign exchange arises from.
- (a) The desire to import goods. (b) The desire to purchase goods.
(c) The desire to purchase services. (d) None of these.
15. The absolute purchasing-power parity theory postulates that the exchange rate between two currencies is :
- (a) Different. (b) Same.
(c) Equal to the price ratios. (d) None of these.

(15 × $\frac{1}{5}$ = 3 weightage)

Section B (Very Short Answer Questions)

*Answer at least **four** questions.
Each question carries 1 weightage.
All questions can be attended.
Overall Ceiling 4.*

16. Explain Marshall Lerner condition.
17. What is meant by currency convertibility ?
18. Differentiate between call and put option,.
19. Define forward premium.
20. Distinguish between stabilising and destabilising speculation.
21. What is Eurobond ?
22. What is an optimum currency area ?
23. What do you mean by J curve effect ?

(4 × 1 = 4 weightage)

Section C

*Answer at least five questions.
Each question carries 3 weightage.
All questions can be attended.
Overall Ceiling 15.*

24. Differentiate between NEER and REER.
25. Describe absorption approach to balance of payment.
26. Explain Swan's model of internal and external stability.
27. Differentiate between FDI and FII.
28. Evaluate the reasons for the breakdown of gold standard system.
29. Discuss the features of Optimum currency area.
30. What is exchange rate overshooting ?
31. Discuss the merits and demerits of fixed exchange rate system.
32. Explain the effects of international capital flows.
33. What is foreign exchange risk ?

(5 × 3 = 15 weightage)

Section D

*Answer at least two question.
Each question carries 4 weightage.
All questions can be attended.
Overall Ceiling 8.*

34. Differentiate between the monetary and portfolio approach to Balance of Payments.
35. Explain Bretton wood system and the causes of its breakdown.
36. Critically evaluate purchasing power parity theory.
37. Discuss current and capital account convertibility.

(2 × 4 = 8 weightage)

**THIRD SEMESTER M.A./M.Sc./M.Com. DEGREE (REGULAR) EXAMINATION
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M.B.E. (Master of Business Economics)

MBE 3C 12—FINANCIAL MARKETS

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Section A*Answer all questions.**Each question carries 1/5 weightage.*

1. Which of the following is not a credit rating agency ?
 - a) CRISIL.
 - b) ICRA.
 - c) NIKKEI.
 - d) CARE.
2. Nifty was established in the year :
 - a) 1996.
 - b) 1952.
 - c) 1965.
 - d) 1972.
3. The first computerised online stock exchange in India :
 - a) NSE.
 - b) OTCEI.
 - c) BSE.
 - d) MCX.
4. The markets in which transactions are done through computers and telephone without any specific location are classified as :
 - a) Capital counter market.
 - b) Past counter market.
 - c) Over the counter market.
 - d) Future counter market.
5. Which of the following is not a regulator of capital markets in India ?
 - a) Reserve Bank of India.
 - b) Securities and Exchange Board of India.
 - c) Ministry of Finance.
 - d) Forward market commission.

6. American Depository Receipt is a :
- a) Euro dominated negotiable instrument.
 - b) Dollar denominated negotiable instrument.
 - c) Negotiable instrument but a stock in the capital market.
 - d) Negotiable instrument traded, settled and cleared in Europe.
7. The rate at which commercial banks borrow from RBI for short period is called :
- a) Repo rate.
 - b) Reverse repo rate.
 - c) Call money rate.
 - d) Interbank rate.
8. The return which company pays to share holders' fund is termed as :
- a) Interest.
 - b) Dividend.
 - c) Bonus.
 - d) All of the above.
9. Which of the following shareholders does not provide voting right ?
- a) Preference shareholders.
 - b) Equity shareholders.
 - c) Ordinary shareholders.
 - d) None of these.
10. Insider Trading is related to :
- a) Money market.
 - b) Taxation.
 - c) Share market.
 - d) Financial system.
11. An investor can take market movements on the basis of :
- a) Hedging strategies.
 - b) Speculative trading strategies.
 - c) Arbitrage strategies.
 - d) All of the above.
12. Return received during the holding period of the stock is called :
- a) Anticipated return.
 - b) Future return.
 - c) Present return.
 - d) None of these.
13. The informal financial system in India consists of :
- a) Individual money lenders.
 - b) RBI.
 - c) SEBI.
 - d) All of the above.
14. The company which sets up a mutual fund is called :
- a) Merchant bankers.
 - b) Asset Management Company.
 - c) Underwriters.
 - d) None of the above.

31. What are the effects of Euro dollar market on international financial system ?
32. What are the major index options in India ?
33. Discuss the instruments of global financial market.

(5 × 3 = 15 weightage)

Section D (Essay Questions)

Answer at least two questions.

Each question carries 4 weightage.

All questions can be attended. .

Overall Ceiling 8.

34. Critically evaluate the money market reforms in India since 1991.
35. Discuss the structure of Indian capital market.
36. How financial inclusion contributes to inclusive growth ?
37. Role of financial market in economic development.

(2 × 4 = 8 weightage)

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EXAMINATION, NOVEMBER 2020**

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M.B.E. (Master of Business Economics)

MBE 3E 02—APPLIED CORPORATE FINANCE

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Section A

Answer all questions.

Each question carries 1/5 weightage.

1. The common stock of a company must provide a higher expected return than the debt of the same company because :
 - a) There is less demand for stock than for bonds.
 - b) There is greater demand for stock than for bonds.
 - c) There is more systematic risk involved for the common stock.
 - d) There is a market premium required for bonds.
2. A critical assumption of the net operating income (NOI) approach to valuation is :
 - a) That debt and equity levels remain unchanged.
 - b) That dividends increase at a constant rate.
 - c) That k_0 remains constant regardless of changes in leverage.
 - d) That interest expense and taxes are included in the calculation.
3. Preference shares :
 - a) Receive dividends.
 - b) Are not part of a company's share capital.
 - c) Have no voting rights.
 - d) Are not allowable for corporation tax.
4. Dividends are :
 - a) Not paid to ordinary shareholders.
 - b) Paid to lenders.
 - c) Not paid to preference shareholders.
 - d) Not allowable for corporation tax.

Turn over

5. Two firms that are virtually identical except for their capital structure are selling in the market at different values. According to M and M :
- One will be at greater risk of bankruptcy.
 - The firm with greater financial leverage will have the higher value.
 - This proves that markets cannot be efficient.
 - This will not continue because arbitrage will eventually cause the firms to sell at the same value.
6. If the weighting of equity in total capital is $\frac{1}{3}$, that of debt is $\frac{2}{3}$, the return on equity is 15% that of debt is 10% and the corporate tax rate is 32%, what is the Weighted Average Cost of Capital (WACC) ?
- 10.533%.
 - 7.533%.
 - 9.533%.
 - 11.350%.
7. Financial distress can involve which of the following :
- Asset restructuring.
 - Financial restructuring.
 - Liquidation.
 - All of the above.
8. The 'good' reasons for mergers and acquisitions do not include :
- Complementing business strategies.
 - Supporting value-added growth.
 - Stopping a competitor merging or taking over.
 - Increasing earnings per share.
9. Financial motives for mergers and acquisitions do not relate to :
- Value added tax.
 - Corporation tax.
 - Unemployed tax shields.
 - Earnings per share.
10. Which one of the following statements is correct concerning the weighted average cost of capital (WACC) ?
- The WACC may decrease as a firm's debt-equity ratio increases.
 - When computing the WACC, the weight assigned to the preferred stock is based on the coupon rate multiplied by the par value of the stock.
 - A firm's WACC will decrease as the corporate tax rate decreases.
 - The weight of the common stock used in the computation of the WACC is based on the number of shares outstanding multiplied by the book value per share.

11. An EBIT-EPS indifference analysis chart is used for :
- Evaluating the effects of business risk on EPS.
 - Examining EPS results for alternative financing plans at varying EBIT levels.
 - Determining the impact of a change in sales on EBIT.
 - Showing the changes in EPS quality over time.
12. Which of the following statements is consistent with dividend irrelevance theory ?
- Investment decisions are the sole determinant of shareholder wealth.
 - Making homemade dividends causes investors to incur transaction costs.
 - Companies with stable dividend policies build up shareholder clienteles.
 - Investors like to maintain the real value of their dividend payments.
13. Stock-based insolvency is a :
- Income statement measurement.
 - Balance sheet measurement.
 - Only a book value measurement.
 - Both (a) and (c).
14. Industrial (Development and Regulation) Act was passed by parliament in
- | | |
|----------|----------|
| a) 1947. | b) 1949. |
| c) 1951. | d) 1956. |
15. Which Act gave the Government enormous control over the management ?
- | | |
|-------------------|----------------------|
| a) Company's Act. | b) Industrial Act. |
| c) M.R.T.P. Act. | d) Both (A) and (B). |

(15 × 1/5 = 3 weightage)

Section B (Very Short Answer Questions)

Answer at least four questions.

Each question carries 1 weightage.

All questions can be attended.

Overall Ceiling 4.

16. What is the net operating income approach ?
17. What is spinoff ?
18. What are the reasons for equity repurchases ?

Turn over

19. What is smoothed residual dividend policy ?
20. What is a trade union ?
21. What is the role of Competition Commission of India ?
22. What is agency cost of debt ?
23. What are the features of preference shares ?

(4 × 1 = 4 weightage)

Section C (Short Answer Questions)

Answer at least five questions.

Each question carries 3 weightage.

All questions can be attended.

Overall Ceiling 15.

24. Describe in detail the clientele theory of dividend.
25. Write a note on the features of acquisition financing.
26. Discuss the pecking order of financing.
27. What is a takeover ? What are the ways through which take over may be done ?
28. Discuss the informational content of financial decisions
29. What is the significance of diluted earnings per share ?
30. What is weighted average cost of capital and state its features ?
31. Discuss the relevance of efficiency theories.
32. What are direct and indirect bankruptcy costs ?
33. Give an account of the several motivations or justifications for share repurchases ?

(5 × 3 = 15 weightage)

Section D (Essay Type Questions)

Answer at least two questions.

Each question carries 4 weightage.

All questions can be attended.

Overall Ceiling 8.

34. Discuss in detail the Diversification Hypothesis.
35. Discuss Lintner's Smoothed Partial adjustment model
36. State MM's proposition II. Show graphically the general implications of MM's proposition II.
37. Explain in detail the two-stage dividend discount model.

(2 × 4 = 8 weightage)

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M.B.E. (Master of Business Economics)

MBE 3E 03—HUMAN RESOURCE MANAGEMENT

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Section A

Answer all questions.

Each question carries 1/5 weightage.

Multiple Choices :

1. The process of identifying human resource needs and formulating plans to meet these needs is known as :
 - a) Human resource management.
 - b) Human resource development.
 - c) Human resource planning.
 - d) None of the above.
2. The common feature in every organisation is :
 - a) High salaries for top professional.
 - b) Offices.
 - c) People.
 - d) None of the above.
3. Which area of the HR function is least affected by internationalisation ?
 - a) Hiring.
 - b) Training.
 - c) Compensation.
 - d) Equal employment opportunities.
4. _____ is a portrayal of who will replace whom in the event of a job opening.
 - a) Succession planning.
 - b) Replacement chart.
 - c) Staffing table.
 - d) All the above.
5. Workforce factors that influence demand include :
 - a) Strategic plans.
 - b) Sales projections.
 - c) Terminations.
 - d) Organisational design.

Turn over

6. Letting outside Vendors provide services is called :
- a) Job posting.
 - b) Outsourcing.
 - c) Employee referral.
 - d) Recruitment.
7. Which among the following includes the indirect method of recruitment ?
- a) Campus recruitment.
 - b) Job posting.
 - c) Employee referrals.
 - d) Television and radio ads.
8. _____ indicates the number of contacts required to generate a given number of hires at a point of time.
- a) Yield ratio.
 - b) Job analysis.
 - c) Selection.
 - d) None of the above.
9. _____ is a method of changing behaviour through unstructured group interaction.
- a) Sensitivity training.
 - b) Role play.
 - c) Behaviour Modelling.
 - d) Coaching.
10. _____ is initiating action in anticipation of future challenges.
- a) Reactive approach.
 - b) Proactive approach.
 - c) Personal management.
 - d) None of the above.
11. Which among the following does not include the steps in the grievances ?
- a) Identifying grievances.
 - b) Collect data.
 - c) Implement and follow up.
 - d) Team pay.
12. Performance appraisals serve as building blocks of :
- a) Career planning.
 - b) Recruitment.
 - c) Manpower planning.
 - d) Job analysis.
13. The most reliable type of interview is :
- a) Behavioural.
 - b) Structured.
 - c) Situational.
 - d) Panel.
14. Appraisal of employees serves several useful purposes except :
- a) Compensation decision.
 - b) Promotion decision.
 - c) Feedback.
 - d) Recruitment.

15. What are the three phases of recruitment process ?
- Planning, Implementing, Screening.
 - Planning, Implementing, Enrichment.
 - Planning, Screening, Evaluating.
 - Planning, Implementing, Evaluating.

(15 × 1/5 = 3 weightage)

Section B (Very Short Answer Questions)

Answer at least four questions.

Each question carries 1 weightage.

All questions can be attended.

Overall Ceiling 4.

- Define the term Human Resource Development.
- What do you mean by dismissal ?
- Define the term training.
- Write a note on selection.
- Explain separation.
- Define retrenchment.
- Explain lay off.
- What do you mean by HR record ?

(4 × 1 = 4 weightage)

Section C (Short Answer Questions)

Answer at least five questions.

Each question carries 3 weightage.

All questions can be attended.

Overall Ceiling 15.

- Give a brief description on HR appraisal.
- Explain the process of HR outsourcing.
- What do you mean by the term recruitment ? Explain the procedures.
- Write a short note on implementation of suggestion scheme.
- Briefly discuss the meaning and causes of grievance.
- Write a brief note on Hot Stove Rule.

Turn over

30. Explain various steps in selection.
31. Distinguish between transfer and promotion.
32. Briefly discuss the objectives of human resource planning.
33. Explain the emerging issues in HRM.

(5 × 3 = 15 weightage)

Section D (Essay Questions)

*Answer at least two questions.
Each question carries 4 weightage.
All questions can be attended.
Overall Ceiling 8.*

34. Explain various functions of human Resource Management and discuss its nature and significance in detail.
35. What are the different steps in designing training modules ? Explain the method and techniques of training in detail.
36. What do you mean by performance appraisal ? Discuss the methods of performance appraisal.
37. What do you mean by an interview ? Elaborate various methods of interview.

(2 × 4 = 8 weightage)

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EXAMINATION, NOVEMBER 2020**

(CBCSS)

M.B.E. (Master of Business Economics)

MBE 3E 04—INVESTMENT AND PORTFOLIO MANAGEMENT

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Section A

Answer all questions.

Each question carries 1/5 weightage.

1. Using the CAPM, β is a measure of :
 - (a) Profit volatility.
 - (b) Cost volatility.
 - (c) Share price volatility.
 - (d) Dividend volatility.
2. Financial risk is not :
 - (a) One part of systematic risk.
 - (b) Caused by exchange rate fluctuations.
 - (c) Caused by interest rate fluctuations.
 - (d) One part of unsystematic risk.
3. Which type of investment is based on tips, rumours and hunches, unplanned and without knowledge of the exact nature of risk ?
 - (a) Investment.
 - (b) Speculation.
 - (c) Gambling.
 - (d) Arbitrage.
4. Which one of the following is known as indirect investment alternatives ?
 - (a) Cash.
 - (b) Equity shares.
 - (c) Pension Fund.
 - (d) Antiques.
5. Investment in which the terminal value is not known with certainty is :
 - (a) Fixed principal investment.
 - (b) Variable principal securities.
 - (c) Non-security investment.
 - (d) Indirect investment.

Turn over

6. Markowitz model presumed generally investors are :
- (a) Risk averse.
 - (b) Risk natural.
 - (c) Risk seekers.
 - (d) Risk moderate.
7. Which type of market efficiency declares that current security prices totally reflect all information, equally public and private ?
- (a) Weak.
 - (b) Semi-strong.
 - (c) Strong.
 - (d) None of these.
8. Which among the following is incorrect regarding Call Money ?
- (a) It is the money lent/borrowed for maximum period of 14 days.
 - (b) No Collateral is required in Call Money transaction.
 - (c) It is the money lent/borrowed for maximum period of 30 days.
 - (d) Banks borrow primarily from the inter-bank (call money) market.
9. In 'simple heuristics', rather than aiming for the best solution to a problem, people tend to choose the first alternative that gives an acceptable solution to the problem. This is known as :
- (a) Solution-focused coping.
 - (b) Satisficing.
 - (c) Choosing among alternatives.
 - (d) A judgement call.
10. By hedging a portfolio, a bank manager :
- (a) Reduces interest rate risk.
 - (b) Increases reinvestment risk.
 - (c) Increases exchange rate risk.
 - (d) Increases the probability of gains.
11. A portfolio manager's ranking within a comparison universe may not provide a good measure of performance because :
- (a) Portfolio durations can vary across managers.
 - (b) Portfolio returns may not be calculated in the same way.
 - (c) If managers follow a particular style or subgroup, portfolios may not be comparable.
 - (d) (a) and (c).
12. Suppose the risk-free return is 3%. The beta of a managed portfolio is 1.75, the alpha is 0%, and the average return is 16%. Based on Jensen's measure of portfolio performance, you would calculate the return on the market portfolio as :
- (a) 12.3%.
 - (b) 10.4%.
 - (c) 15.1%.
 - (d) 16.7%.

13. If a portfolio manager consistently obtains a high Sharpe measure, the manager's forecasting ability :
- (a) Is above average.
 - (b) Is average.
 - (c) Is below average.
 - (d) does not exist.
14. A purely passive strategy :
- (a) Uses only index funds.
 - (b) Uses weights that change in response to market conditions.
 - (c) Uses only risk-free assets.
 - (d) Is best if there is "noise" in realized returns.
15. Investment in which principal amount and the terminal value are known with certainty is :
- (a) Fixed principal investment.
 - (b) Variable principal investment.
 - (c) Non-security investment.
 - (d) Indirect investment.

(15 × 1/5 = 3 weightage)

Section B (Very Short Answer Questions)

Answer at least four questions.

Each question carries 1 weightage.

All questions can be attended.

Overall Ceiling 4.

16. What is variable-income security ?
17. What is portfolio revision ?
18. What is Securities selection ?
19. What is a constant ratio formula plan ?
20. State the distinction between physical and financial investments.
21. What is circular trading ?
22. State the prospect theory.
23. What is Gold ETF ?

(4 × 1 = 4 weightage)

Turn over

Section C (Short Answer Questions)

Answer at least five questions.

Each question carries 3 weightage.

All questions can be attended.

Overall Ceiling 15.

24. How does Securitization Work ?
25. Explain Portfolio Rebalancing.
26. What are the different types of Market Cornering ?
27. Explain the different forms of efficient market hypothesis.
28. Discuss the Jensen Measure of Portfolio performance.
29. Distinguish between Investing and Speculation.
30. What are the Problems with Performance Measurement ?
31. Discuss the Arbitrage Pricing Theory.
32. Distinguish between active and passive portfolio management ?
33. Explain the different types of receipts of proceeds in Reverse Mortgages.

(5 × 3 = 15 weightage)

Section D (Essay Type Questions)

Answer at least two questions.

Each question carries 4 weightage.

All questions can be attended.

Overall Ceiling 8.

34. Describe the security market line of CAPM.
35. Discuss in detail the heuristic and cognitive biases.
36. Discuss in detail the expected utility theory.
37. Explain Markowitz model.

(2 × 4 = 8 weightage)