2018/ODD/10/29/FM–3102/HRM–3302/
OM–3402/258

PG Odd Semester (CBCS) Exam., December—2018

BUSINESS ADMINISTRATION

(3rd Semester)

Course No. : MBAOC–305

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

Candidates have to answer *either* from FM–3102 *or* HRM–3302 *or* OM–3402

OPTION—A

Course No. : FM–3102

(SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT)

1. *(a)* Distinguish between investment and speculation. 4

(b) Narrate the process of investment with suitable example. 7

(c) What is meant by 'negotiable securities'? 3

2. *(a)* Elucidate the relationships between primary and secondary capital markets. 4

(b) Discuss in brief the role of various parties involved in the process of fresh issue of securities in the primary market. 10

OR

3. *(a)* Narrate the concept of 'book building'. 4

(b) Throw light on the various aspects of offer documents issued at the time of public issue. 10

4. *(a)* Explain what are meant by a bond's coupon rate, current yield and yield to maturity. 5

(b) A Tata Motors bond carries a coupon rate of 8 percent, has 9 years until maturity, and sells at a yield-to-maturity of 9 percent.

(i) What interest payment do bond-holders receive each year?

(ii) At what price does the bond sell? (Assume annual interest payments.)

(iii) What will happen to the bond price if the yield-to-maturity falls to 7 percent? 3×3=9

OR

5. *(a)* Delineate the dividend discount model under constant-growth. 4

(b) *(i)* Zindal Copper is increasing next year's dividend to ₹ 5·00 per share. The forecast stock price next year is ₹ 105. Equally risky stock of other companies do expect return of 10 percent. What should Zindal Copper share sell for?

(ii) Assume that Zindal Copper's dividend and share price are expected to grow at a constant 5 percent per year. Calculate the current value of Zindal's stock with the dividend discount model using a 3-year horizon. 5×2=10

6. As a fundamental analyst, what key macro-economic variables would you like to assess considering their impact on the broad performance of the stock market? Discuss with suitable example. 14

OR

7. *(a)* "Best diversification comes through holding large number securities scattered across industries." Give your view on the statement in the light of the notion of diversification conceived by Harry Markowitz. 4

(b) Consider the following three securities and the relevant data on each : 10

	Stock 1	*Stock 2*	*Stock 3*
Expected return	10	12	8
Standard deviation	10	15	5
Correlation coefficient	1, 2 0 3	2, 3 0 4	1, 3 0 5

What are portfolio risk and return, if the following proportions are assigned to each stock?

Stock 1 0 2

Stock 2 0 4

Stock 3 0 4

8. *(a)* Distinguish between a feasible and an efficient set of portfolios. 4

(b) Stocks *A* and *B* display the following returns over the past two years : 10

Year	*Stock A* Return (%)	*Stock B* Return (%)
2016–17	10	12
2017–18	16	18

(i) What is the expected return on a portfolio made-up of 40 percent of *A* and 60 percent of *B*?

(ii) What is the standard deviation of each stock?

(iii) What is the covariance of stocks *A* and *B*?

(iv) Determine the correlation coefficient of stocks *A* and *B*.

(v) What is the portfolio risk of a portfolio made-up of 40 percent of stock *A* and 60 percent of stock *B* ?

OPTION—B

Course No. : HRM–3302

(MANAGEMENT OF INDUSTRIAL RELATIONS)

1. Discuss different approaches to industrial relations. Who are the actors in the industrial relations? Discuss. 9+5=14

OR

2. Briefly discuss the phase-wise evolution of industrial relations in India. 14

3. *(a)* Differentiate between Conflict and Industrial conflict. 4

(b) Describe various forms of strike. 5

(c) An employee was appointed as Medical Representative in its Branch Office at Kanpur and was drawing salary over ₹ 12,000 per month. He was promoted as Area Manager without any change in his terms of appointment of service. It is alleged by the employee that he was working under direct control and supervision of the Regional Sales Manager who was trying to implicate him in false cases and was pressurizing him to resign. After this, the employee was summoned to Head Office and

asked to submit his resignation but he declined. Thereafter, he received a letter informing that his services stood terminated. He pleaded to Labour Court under the Industrial Dispute Act, claiming his termination to be illegal.

Discuss whether the plea of the employee is valid under the Industrial Dispute Act, 1947. 5

4. Why do workers join trade unions? Discuss why there have been a decline in trade unionism after globalization. 5+9=14

OR

5. What are pre-requisites of a successful collective bargaining? Highlight the causes for limited success of collective bargaining in India. 7+7=14

6. A badli worker was employed by the Gujarat State Road Transport Corporation as reliever watchman. It is alleged that he unauthorizedly drove an S. T. Motor Vehicle which dashed against a wall causing serious damage. The employer conducted an 'ex parte' enquiry in which the badli

worker was not a party and terminated his services based on that fact finding enquiry.

The grievance of the badli worker was that he was terminated as a measure of punishment which could have only been done after conducting proper enquiry. The industrial dispute raised by him was held in his favour and the Labour Court ordered reinstatement without back wages. The employer challenged the award before the Gujarat High Court and stated that the badli worker had no rights like the other employees of the corporation and, therefore, no formal enquiry was required to be undertaken before terminating his services.

(a) Do you support the arguments of the employer? Give reasons for your choice. 3

(b) Whether the principles of Natural Justice can be applied to a badli worker? 2

(c) State whether a fact-finding enquiry can be considered as a regular enquiry or not. 3

(d) Discuss the principles of Natural Justice that guide disciplinary procedure of an organization. 6

7. Discuss the changing characteristics of the Indian worker. In what way has the opening up of the economy influenced the changing workforce profile? 7+7=14

OR

8. Define workers' participation in management (WPM). Discuss various forms of WPM practised in Indian industry. 2+12=14

OPTION—C

Course No. : OM–3402

(MATERIAL MANAGEMENT)

1. *(a)* An automobile factory manufactures a particular type of gear within the factory. This gear is used in the final assembly. The particulars of this gear are—demand rate r 14000 units/year, production rate k 35000 units/year, setup cost ₹ 500 per setup and carrying cost ₹ 15 unit/year. Find the economic batch quantity (EBQ) and cycle time. 10

(b) Explain stock-out cost. 4

OR

2. Why is understanding over ordering system important for material managers? Describe *P*-system and *Q*-system of ordering in inventory management. 14

3. *(a)* How does bill of materials (BoM) help in inventory planning? Explain. 7

(b) What is material requirement planning (MRP)? How does it differ from material requisition? 7

4. Write notes on the following : 7+7=14

(a) Process of purchasing

(b) Material budgeting

OR

5. A company wishes to buy a Capstan Lathe at an initial cost of procurement of ₹ 1,00,000. The machine has an useful economic life of 10 years and will face a salvage value of ₹ 5,000 at the end of 10 years, given in table below :

Discounted cash flow method	
Year	*Profit* (after tax and depreciation costs) (in ₹)
1	22,000
2	22,000
3	16,000
4	13,000
5	11,000
6	9,000
7	8,000
8	8,000
9	6,000
10	5,000
	1,20,000

The table shows the expected return the machine will yield over its lifespan when put into operation. The company has alternative investment opportunity which will bring profit of 10% annually. Should the company buy the lathe machine? 14

6. Why is selection of supplier important for organization? Discuss the criterion for selecting suppliers in an organization. 14

OR

7. Explain the following : 7×2=14

(a) Supplier Quality Assurance Programme

(b) Buyer-Supplier relation

8. How does coding help in store operation? Explain how coding is done in Reliance retails. 6+8=14

★ ★ ★