

**ANNAMALAI UNIVERSITY -- OVERSEAS CENTER (218)**

**MBA (FM – 2<sup>nd</sup> YEAR) ASSIGNMENT SUBMISSION INSTRUCTIONS**

1. Students are instructed to write the assignments for any **TWO topics in each paper out of the FOUR**. For each topic the answer should not exceed 15 pages.
2. Assignment should be on foolscap or A4 paper on one side only.
3. **Enrolment Number should be marked on the top right hand corner on all pages of assignments.**
4. No notice will be taken of assignments which are not properly filled in with Enrolment Number and the title of the papers.
5. **Assignments can be handwritten of the student concerned or typewritten.**
6. If it is typewritten, the following self Declaration must be put **on the title page of each paper.**
7. **The front page of the assignment should contain the following details:**
  - a. Name of the student
  - b. Course with specialization
  - c. Enrolment Number
  - d. Title of the paper

**Self Declaration**

I declare that the assignment submitted by me is not a verbatim / photostatic copy from the website/ books / journals / manuscripts.

Signature of the student

Countersigned

Signature of the Faculty Concerned

Each paper carries 25 marks.

**Note: Please put assignments of two topics in one binding i.e. one bound volume for each paper.**

**N.B: For MBA Information System students there will be no submission of assignment for the subject (180) Information Technology Applications Lab. Practical Examination for this subject will be for 100 marks.**

### 2.1 MANAGEMENT OF FINANCIAL SERVICES

1. Discuss the present state of the Insurance in India and outline causes for their high growth.
  2. Discuss elaborately the role and the progress of commercial banks in the industrial financing of this country.
  3. Explain the role of venture capital in the overall economy and how the venture-capital industry actually works as a whole and also discuss some of the biggest successes and failures of venture capital.
  4. What do you understand by Credit Rating? Go to any financial institution , get your credit rating and share your experience.
- 

### 2.2 INTERNATIONAL FINANCE

1. The international financial environment has become very volatile.' – Do you agree? Discuss it by taking into account all relevant factors.
  2. Do you know the foreign exchange rates fluctuate? How do these fluctuations affect us? What can be done to minimize these fluctuations?
  3. Discuss the international monetary system, why did the international monetary system move from a fixed exchange rate system to floating exchange rate system? What has been its impact?
  4. The responsibilities of the foreign banks in the export finance area have today increased tremendously as compared to earlier years of 20<sup>th</sup> Century comment.
- 

### 2.3 DERIVATIVES MANAGEMENT

1. Cipla has a market price of Rs.890. The volatility on the share is 0.32; the risk-free interest rate is 5 percent. What would be the price of the call with a strike price of Rs.880, if the expiry date is 20 days ahead? Assume there has not been any dividend announcement.
2. You are given three call options on a stock at exercise price (k) of Rs 40, Rs.45 and Rs.50 with the expiration date in 3 month and the premium of Rs.4, Rs.2 and Rs.1 respectively. Show how the call options can be used to create a butterfly spread. Construct a table with different market prices and show how profit changes with stock price ranging from Rs 30 to Rs 60 for a butterfly spread.
3. You are a portfolio manager who has just been exposed to the possibilities of stock index futures. Respond to the following situations.
  - (a) Assume that you have the resources to buy and hold the stocks in the S&P 500. You are given the following data. (Assume that today is January 1)
    - i) Level of the S & P 500 index = 258.90
    - ii) June S&P 500 futures contract = 260.15
    - iii) Annualized Rate on T. Bill expiring June 26 (expiration date) = 6%
    - iv) Annualized Dividend yield on S&P 500 stocks = 3%
    - v) Assume that dividends are paid out continuously over the year. Is there potential for arbitrage? How would you go about setting up the arbitrage?

- (b) Assume now that you are known for your stock selection skills. You have 10,000 shares of Texaco in your portfolio (now selling for 38) and are extremely worried about the direction of the market until June. You would like to protect yourself against market risk by using the December S&P 500 futures contract (which is at 260.15). If Texaco's beta is 0.8, how would you go about creating this protection?
4. What are various types of derivative instruments traded at NSE? What are various products available for trading in Futures and Options segment at NSE?
- 

#### **2.4 RISK MANAGEMENT AND INSURANCE**

1. You are the newly appointed Risk Manager within an organisation and have noted that there is no written risk management philosophy or statement in place. Advise the Board of the advantages of adopting a risk document, describing the elements that should be referenced within it.
  2. You are the Internal Audit Manager within an organisation. At a recent Board meeting, you were asked to prepare for an internal audit of the risk management process.
    - (a) State the aim of an Internal Audit team as defined by the Institute of Internal Auditors (IIA).
    - (b) Explain the role and assurances that the internal audit has to provide in relation to risk management.
    - (c) Explain how the responsibilities of the internal audit function differ from those of the risk management committee.
  3. Discuss the need and growing importance of Liability insurance policies in India quoting relevant examples with specific reference to Professional indemnity liability policy in the backdrop of the recent corporate scams.
  4. "Claims handling requires specialized skills." Do you agree? What makes insurance claims processing difficult and complicated and unpleasant especially in general insurance. Refer to the relevant IRDA guidelines for speedy settlement of claims.
- 

#### **2.5 INVESTMENT, SECURITY AND PORTFOLIO MANAGEMENT**

1. Cite recent examples of political, social, or economic events (market risk) that have excited (a) The stock market, and (b) Stocks in a specific industry, to surge ahead or plummet sharply.
  2. "Public issue of securities through prospectus is not only most popular but also the best method of raising fresh capital." – Critically evaluate.
  3. 'Stock market indices are the barometers of the stock market.' – Discuss.
  4. Technical analysts believe that one can use past price changes to predict future price changes. How do you justify this belief?
- 

#### **2.6 STRATEGIC MANAGEMENT**

1. If strategic planning is essentially a program, can it display the degree of adaptiveness that 21<sup>st</sup> Century enterprises need? Would 'strategic improvisation' be a plausible alternative? Explore the practical consequences of strategic improvisation for enterprise management.

2. Select an Automobile industry in India, and evaluate its competitive business strategy using Porter's five force model? What strategies can you suggest to convert the unattractive forces in to attractive ones?
  3. "Complementary mergers may result in each firm filling in the missing pieces of their firm with pieces from other firm" – Examine the validity of the statement in the Indian context with necessary examples.
  4. 'Formality is the enemy of creativity and innovation'. 'Informality is the enemy of disciplined and reliable performance'. Is it consequently impossible for an enterprise to be both innovative and disciplined? Investigate how these qualities can be combined.
- 

### **2.7.1 E-COMMERCE**

1. Describe the current e-commerce scenario in India and explain the future prospect of e-commerce.
  2. Explain the characteristics of large companies that involve B2G and B2C transactions in their business, which require robust, capable and scalable electronic commerce system.
  3. Visit the following sites:  
[www.olx.com](http://www.olx.com) / [www.labour.tn.gov.in](http://www.labour.tn.gov.in) / [www.clicks.co.za](http://www.clicks.co.za) / [www.digitalplanet.co.za](http://www.digitalplanet.co.za)
    - a. For each site determine whether it is in the exposure stage, interaction stage, e-commerce stage or e-business stage. Provide reasons for your answer.
    - b. Determine whether each site is B2C, C2C, C2B or B2B and why.
    - c. Critically discuss the process of setting up a free-standing website and evaluate the potential of e-commerce for small business development in India.
  4. Consider the development of a portal for a Retailer shop. Discuss the various technologies, tools and components involved in designing the same..
- 

### **2.7.2 BUSINESS RESEARCH METHODS**

1. Below is the gist of an article from Business Week. After reading it
  - (a) identify the broad problem area,
  - (b) define the problem, and
  - (c) explain how you would proceed further.

While Chrysler's minivans, pickups, and sport utility vehicles take a big share of the truck market, its cars trail behind those of GM, Ford, Honda, and Toyota. Quality problems include, among other things, water leaks and defective parts.
2. It is advantageous to develop a directional hypothesis whenever we are sure of the predicted direction. How will you justify this statement?
3. If a control group is a part of an experimental design, one need not worry about controlling other exogenous variables. Discuss this statement
4. Whenever possible, it is advisable to use instruments that have already been developed and repeatedly used in published studies, rather than develop our own instruments for our studies. Do you agree? Discuss the reasons for your answer.