

ONLINE PROGRAMME EXAMINATIONS
M.B.A. DEGREE EXAMINATION, DECEMBER 2024
Second Year - Fourth Semester
FINANCIAL MANAGEMENT
INVESTMENT AND DERIVATIVES MARKET
(CBCS - 2020 onwards)

Time : 2 Hours

Maximum : 75 Marks

PART - A

(33 X 1 = 33)

Answer **all** the questions.

1. A debt market is a part of the ____ market.

(a) Money

(b) Capital

(c) Cash

(d) Paper

2. The Indian Debt market has traditionally been a ____ market

(a) Retail

(b) Wholesale

(c) Cash

(d) Lot

3. In debenture, interest payable is

(a) Transferred to general reserve

(b) Transferred to falling fund investment account

(c) Charged against the firm's profits

(d) Appropriation of the company's profits

4. Debenture holders are

(a) Debtors of the Company

(b) Creditors of the Company

(c) External users

(d) Owners of the Company

5. Convexity in the context of fixed-income investments.....

(a) A measure of a bond's sensitivity to changes in interest rates

(b) The shape of the bond's yield curve

(c) The bond's credit rating

(d) The bond's maturity date

6. What is the primary purpose of using duration in fixed-income analysis?
- (a) To measure the credit risk of a bond.
 - (b) To assess the impact of interest rate changes on bond prices.
 - (c) To determine the bond's maturity date.
 - (d) To calculate the yield to maturity of a bond.
7. "Debt portfolio management" refer to in the financial context.
- (a) Managing a collection of corporate stocks.
 - (b) Handling a diverse set of real estate assets.
 - (c) Balancing and optimizing a collection of debt securities.
 - (d) Administering a portfolio of cryptocurrency investments.
8. What does the intrinsic value represent in an Equity Valuation Model?
- (a) Current market price of the stock
 - (b) Future expected dividends
 - (c) True underlying value of the stock
 - (d) Average historical stock price
9. Why is diversification important in debt portfolio management?
- (a) It increases credit risk.
 - (b) It minimizes interest rate risk.
 - (c) It reduces the potential impact of defaults on the portfolio.
 - (d) It eliminates the need for risk assessment.
10. Which of the following is a common type of interest rate swap?
- (a) Equity Swap
 - (b) Currency Swap
 - (c) Commodity Swap
 - (d) Credit Default Swap

11. What is the primary purpose of an interest rate swap?
- (a) To exchange currencies at a fixed rate.
 - (b) To speculate on changes in commodity prices.
 - (c) To manage and optimize interest rate exposure.
 - (d) To hedge against equity market volatility.
12. What is an equity investment?
- (a) A loan to a company with a fixed interest rate.
 - (b) Ownership of a company's debt securities.
 - (c) Ownership of a share in a company, representing ownership in its assets and earnings.
 - (d) Participation in a currency exchange market.
13. What is a dividend in the context of equity investments?
- (a) A tax on capital gains.
 - (b) A periodic interest payment to shareholders.
 - (c) A fee paid to stockbrokers for executing trades.
 - (d) A government-imposed charge on stock transactions.
14. In the Constant Growth Equity Valuation Model, what does "g" represent?
- (a) The initial dividend.
 - (b) The discount rate.
 - (c) The growth rate of dividends.
 - (d) The terminal value.
15. What does the Zero Growth Equity Valuation Model assume about the growth rate of dividends?
- (a) The growth rate is constant.
 - (b) The growth rate is continuously changing.
 - (c) There is no growth in dividends.
 - (d) Dividends only grow in the short term.

16. What does the P/E ratio (Price-to-Earnings ratio) represent in an earnings-based valuation model?
- (a)The ratio of dividends to stock price. (b)The ratio of earnings to market capitalization.
(c)The percentage growth rate of earnings. (d)The reciprocal of the dividend yield.
17. What does a high P/E ratio typically indicate in an earnings-based valuation model?
- (a)Undervaluation of the stock. (b)Overvaluation of the stock.
(c)Stable earnings growth. (d)Low market capitalization.
18. What is the maximum loss for the buyer of an option (both call and put) in the options market?
- (a)The premium paid for the option. (b)Unlimited.
(c)The difference between the strike price and the market price. (d)Limited to the transaction fees.
19. In a put option contract, what is the relationship between the market price and the strike price for the option to be profitable?
- (a)Market price must be higher than the strike price. (b)Market price must be lower than the strike price.
(c)Market price must be equal to the strike price. (d)The relationship between market price and strike price does not impact the profitability of a put option.
20. How is the profit or loss on a put option calculated at expiration?
- (a)Profit = Market Price - Strike Price + Premium Paid (b)Loss = Market Price - Strike Price + Premium Received
(c)Profit = Strike Price - Market Price - Premium Paid (d)Loss = Strike Price - Market Price - Premium Received

21. In options trading, what is the maximum loss for the buyer of a call option?
- (a)The premium paid for the option.
 - (b)Unlimited.
 - (c)The difference between the market price and the strike price.
 - (d)Limited to the transaction fees.
22. What effect does an increase in volatility generally have on the value of both call and put options?
- (a)Increases the value of both call and put options.
 - (b)Decreases the value of both call and put options.
 - (c)Increases the value of call options but decreases the value of put options.
 - (d)Decreases the value of call options but increases the value of put options.
23. How does time decay impact the value of options as they approach expiration?
- (a)Increases the value of options.
 - (b)Decreases the value of options.
 - (c)Has no impact on the value of options.
 - (d)Increases the value of call options but decreases the value of put options.
24. What is the primary purpose of a futures contract in the financial markets?
- (a)To buy or sell financial instruments at a specified price in the future.
 - (b)To exchange currencies in the present.
 - (c)To lend money with a fixed interest rate.
 - (d)To invest in stocks for the long term.
25. In the context of futures contracts, what is the significance of margin requirements?
- (a)They represent the interest charged on holding a futures position.
 - (b)They are the fees paid to brokers for executing futures trades.
 - (c)They are funds deposited by traders to cover potential future losses.
 - (d)They are penalties for early contract termination.

26. How do index-based futures provide exposure to the broader market?
- (a) By investing in individual stocks
 - (b) By tracking the performance of a specific sector
 - (c) By mirroring the movements of a market index
 - (d) By focusing on commodities only
27. What is the potential drawback of index-based futures trading?
- (a) Lack of liquidity
 - (b) Limited market information
 - (c) Guaranteed profits
 - (d) Low volatility
28. Which derivative instrument has potentially unlimited profits for the buyer?
- (a) Futures
 - (b) Options
 - (c) Both futures and options
 - (d) None of the above
29. How is the return on a futures contract calculated?
- (a) Return equals the difference between the current futures price and the original contract price.
 - (b) Return is the percentage change in the underlying asset's price.
 - (c) Return is the dividend received on the underlying asset.
 - (d) Return is the interest earned on the initial margin deposited.
30. What is the primary risk for the writer (seller) of a futures contract compared to the writer of an options contract?
- (a) The risk of assignment.
 - (b) The risk of margin calls.
 - (c) The risk of unlimited losses.
 - (d) The risk of expiration.

31. What defines government securities in the financial market?

- (a) Securities issued only by central banks.
- (b) Securities issued by government agencies, excluding central banks.
- (c) Debt instruments issued by the government to raise capital.
- (d) Securities exclusively traded on international stock exchanges.

32. Which of the following is a common instrument in the government securities market?

- (a) Corporate bonds.
- (b) Preferred stocks.
- (c) Treasury bills.
- (d) Municipal bonds.

33. What is the purpose of a Savings Bond in the Government Security Market?

- (a) To finance government infrastructure projects
- (b) To encourage individual savings
- (c) To provide short-term liquidity to the government
- (d) To support monetary policy initiatives

PART - B

(7 X 6 = 42)

Answer **all** questions choosing either (a) or (b).

34. (a) What is Debt market? Distinguish between debt market and equity market.

[OR]

(b) Explain the features of debt market in India.

35. (a) What do you understand convexity? Write the importance of convexity and duration.

[OR]

(b) Why the organization is required debt portfolio management?

36. (a) Explain the types of swaps

[OR]

(b) State nature and features of equity market.

37. (a) Explain dividend models and zero growth models.

[OR]

(b) Explain models based on P.E. ratios.

38. (a) What are the types of options?

[OR]

(b) Explain profit and losses on calls and puts options.

39. (a) What are the factors affecting the value of call option and put option?

[OR]

(b) Explain the future market essential in the Indian stock market. Justify

40. (a) Elucidate measurement and evaluation of returns of futures.

[OR]

(b) Explain functions of Government securities market.

N-1663

ONLINE PROGRAMME EXAMINATIONS
M.B.A. (FM) DEGREE EXAMINATION, DECEMBER 2024
Second Year - Fourth Semester
BUSINESS ADMINISTRATION
GROWTH MANAGEMENT
(CBCS - 2020 onwards)

Time : 2 Hours

Maximum : 75 Marks

PART - A

(33 X 1 = 33)

Answer **all** the questions.

1. what are the main elements of growth management's "SIX-S" process?

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|---|--|
| (a) Tendons, Power, Quickness, Plan, Achievement and Durability | (b) Sinews, Planning, Organizing, Coordinating, Safeguarding and Maintaining |
| (c) Safety, Success, Scheduling, Stagnation, Sales and Sinews | (d) Support, Systems, Supervision, Status, Structure and Sinews |
2. What is the "SIX - S" method first step?

| | |
|----------------|-------------|
| (a) Strategy | (b) Sinews |
| (c) Sustenance | (d) Potency |
3. When creating a growth proposal and strategy, which of the following is NOT taken into consideration?

| | |
|--------------------------------|-------------------------------------|
| (a) Innovation and Involvement | (b) Strengthening the Growth Sinews |
| (c) Handling Fast Growth | (d) Taking Chances and innovating |
4. What is the main area of concentration for the Blue Ocean Strategy?

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|-----------------------------|----------------------------------|
| (a) Competitive competition | (b) Establishment of new markets |
| (c) Cost leadership | (d) Saturation of the market |
5. Which two techniques for improvement are covered in this unit?

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|--|---|
| (a) Horizontal and vertical growth | (b) Blue Ocean and Red Ocean Strategies |
| (c) Growth, both inorganic and organic | (d) Disruption and Synergy |

6. In the context of growth plans, what does “continuous growth” mean?
 - (a) Consistent progress devoid of interruptions
 - (b) Steady, consistent growth
 - (c) Endless growth
 - (d) Rapid, irregular growth
7. What kind of growth plan uses the purchase of already-existing companies to accelerate expansion? Growth that is :
 - (a) organic
 - (b) acquired
 - (c) revolutionary
 - (d) inorganic
8. Which model aids in the comprehension of diversification tactics?
 - (a) SWOT analysis
 - (b) Ansoff’s model
 - (c) The McKinsey model
 - (d) Porter’s Five Forces are the first four
9. What methodology is used to examine the possibilities and risks that exist outside a corporation as well as its internal strengths and weakness?
 - (a) The Porter’s Generic Competitive Strategies
 - (b) The McKinsey model
 - (c) PESTEL analysis
 - (d) Blue Ocean Strategy
10. On what foundations do Porter’s Generic Competitive Strategies mostly rest?
 - (a) Focus, cost leadership and differentiation
 - (b) Market expansion, product development and mergers
 - (c) TOWS matrix and SWOT analysis
 - (d) Integration, market segmentation and diversification

11. How do you set up an organization for growth?

- | | |
|------------------------------|--|
| (a)Activation of development | (b)Competitive compensation plans |
| (c)Escape from inertia | (d)Analysis and research on the market |

12. What kind of culture is necessary for prosperous expansion?

- | | |
|--------------------------------------|---------------------------|
| (a)culture that encourages invention | (b)A bureaucratic culture |
| (c)A closed-door culture | (d)a competitive culture |

13. What is essential to managing growth's unintended consequences?

- | | |
|---|---|
| (a)Effective decision-making procedures | (b)complete responsibility and delegation |
| (c)change management tools | (d)Marketing tactics |

14. Which domain is involved with an organization's financial and material resources?

- | | |
|----------------------------|-------------------------|
| (a)People & Organizational | (b)Market & Competition |
| (c)Assets & capacity | (d)Geography & spread |

15. What is Continuous Innovation centered around?

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|-----------------------------------|--|
| (a)Preserving the status quo | (b)Improving and adapting consistently |
| (c)Radically and quickly changing | (d)Diversifying the product line |

16. What phrase best describes the idea of steady, incremental improvement ?

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|-------------------------|-----------------------|
| (a)Radical innovation | (b)Kaizen |
| (c)Discontinuous growth | (d)Dynamic disruption |

17. How do you effectively handle growing fatigue?

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|--|---|
| (a)Prioritize sleep and maintain a consistent sleep schedule | (b)Increase caffeine and energy drink consumption |
| (c)Ignore fatigue and push through without breaks | (d)Manage stress and practice relaxation techniques |

18. What is the main goal of controlling the growing momentum?

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|---------------|-----------------|
| (a)Vigilance | (b)Progress |
| (c)Sturdiness | (d)Risk control |

19. What industry is product and brand security relevant to?

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|-------------------------------|------------------------------|
| (a)Brand and Product | (b)Finance and Profitability |
| (c)Networks and Relationships | (d)Geography and Spread |

20. How many opportunities arise from dangers in order to secure growth?

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|---------------------------------|------------------------------|
| (a)Ignoring risks | (b)Avoiding risks |
| (c)Managing risks strategically | (d)Purchasing risk insurance |

21. What is the secret to successfully maintaining growth?
- (a)cost reduction (b)Radical innovation
(c)Continuous innovation (d)efficiency improvement are the four main goals
22. What phrase best expresses the idea of ongoing, gradual improvement?
- (a)Disruption (b)Growth Passion
(c)Kaizen (d)Transformational Change
23. What field is concerned with forming and preserving alliances and partnerships?
- (a)Domains of networks and relationships (b)Domains of geography and spread
(c)Domain of assets and capacity (d)Domain of finance and profitability
24. What is the secret to leveraging possibilities and reducing risks in the field of geography and spread?
- (a)Global expansion (b)risk mitigation
(c)tactical resource distribution (d)Market saturation
25. What distinguishes Continuous Innovation from Efficiency Improvement?
- (a)Continuous innovation focuses on novel concepts, while efficiency improvement deals with reducing costs. (b)Continuous innovation focuses on internal processes, while efficiency improvement concentrates on consumer pleasure
(c)Continuous innovation is short-term in nature, while efficiency improvement is focused on long-term growth (d)Continuous innovation and efficiency improvement are synonymous

26. What is the name for the methodical, incremental enhancement of procedures and output?
- (a)Radical Innovation (b)Kaizen
(c)Disruption (d)Iterative Improvement
27. What is the primary goal of the Management of Rapid Growth?
- (a)To keep up a constant rate of growth (b)To make rapid money
(c)To expand the firm swiftly (d)To reduce risk
28. In the context of managing fast development, what does “Passion for Growth” mean?
- (a)A great desire to keep things as they are (b)A dedication to long-term, sustainable development
(c)An ardent quest for quick expansion (d)An emphasis on cost-cutting strategies
29. What model is utilized to detect growth generated by crises during the “Synchronizing for Growth” phase?
- (a)SWOT analysis (b)the McKinsey model
(c)the Gardner’s model (d)The Ansoff model
30. Which approach is related to the “Blue Ocean Strategy” and focuses on establishing uncontested market spaces?
- (a)Horizontal (b)Vertical
(c)Disruptive (d)Discontinuous growth

31. What does “Managing Growth Fatigue” center around?

- (a) swift (b) inventive
- (c) steady (d) sustained

32. In terms of personnel and organizational structure, which domain is connected to controlling growth?

- (a) Market and competition (b) geography and spread
- (c) assets and capacity (d) People and organizational

33. Which methodology places a strong emphasis on ongoing enhancement and small-scale adjustments to procedures and goods?

- (a) Innovation that is disruptive (b) Innovation that is continuous
- (c) Innovation that is radical (d) Evolutionary growth

PART - B

(7 X 6 = 42)

Answer **all** questions choosing either (a) or (b).

34. (a) Analyze the challenges and benefits of entering new markets and how competition and cooperation play a role in this process.

[OR]

(b) How does the Sinews phase of the ‘SIX-S’ process aid in identifying growth opportunities? Provide examples.

35. (a) Describe various venture strategies, including disruptive ventures and innovation strategies. Provide examples of organizations that have successfully applied these strategies.

[OR]

(b) Define “Evolutionary growth” and “Continuous growth” How do these strategies differ in their implementation and outcomes?

36. (a) Define the steps involved in “Organizing for Growth” and elaborate on how a well-thought-out implementation plan is crucial for successful growth management.

[OR]

(b) Evaluate the utility of SWOT/TOWS analysis in developing growth strategies. What are its strengths and limitations in a dynamic business environment?

37. (a) How does frequent two-way communication play a vital role in growth management? Share real-world examples of organizations that have excelled in this area.

[OR]

(b) Discuss the role of a strategy staffing plan in the context of growth and the factors that influence its development.

38. (a) Discuss the concept of “Managing Growth Fatigue” and strategies for overcoming it. Provide examples of organizations that have successfully managed growth fatigue.

[OR]

(b) How does the “High Growth Road Map” contribute to managing the momentum of growth? Explain its key components and their role in sustaining growth.

39. (a) Discuss the challenges associated with handling un-sought consequences of growth and how organizations can effectively turn risks into opportunities. Provide real-world case studies.

[OR]

(b) In the context of the Networks & Relationship domain, how do organizations build and maintain partnerships and alliances to support their growth strategies? Share practical insights.

40. (a) Discuss the concept of continuous innovation and its role in sustaining growth. How does it differ from radical innovation, and what are the advantages of each?

[OR]

(b) Explain the concept of “Kaizen” and its application in continuous improvement. How can organizations implement Kaizen practices to achieve sustainable growth?

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| N-1664 |
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