

PG Even Semester (CBCS) Exam., April—2017

BUSINESS ADMINISTRATION

(4th Semester)

Course No. : MBAEC-404

Full Marks : 70

Pass Marks : 28

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

Candidates are to answer *either* FM-3106 *or*
MM-3204 *or* HR-3305

Course No. : FM-3106

(BANKING AND FINANCIAL SERVICE)

1. The Preamble of Reserve Bank of India describes its functions as under :

“... to regulate the issue of Bank notes and keeping of reserve with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage.”

Critically examine the functions of RBI keeping in mind the above Preamble and the recent move of RBI.

14

OR

2. Draft a suitable marketing strategy for deposit mobilization by SBI.

14

3. “Assets securitization is yet to gain large scale acceptance in Indian market.

Explain the above statement highlighting the following points :

4+4+6=14

- (a) Complexity of securitization process in India
(b) Advantages and obstacles of securitization in India
(c) Types of securitization and RBI guidelines

OR

4. (a) Discuss the objectives and functions of mutual funds in India.

6

- (b) Distinguish between the following : 4+4=8

(i) ETF and Index Fund

(ii) Development Banks and Commercial Banks.

(3)

5. Gujarat Multi-State Co-operative Bank, Surat has a success story of 17 years with a branch network 290 rural branches, across Gujarat and Maharashtra. Following the success story of Bandan Microfinance, the management had decided to apply for the licence of a private bank. The digital India move, demonetization and a number of other bold initiatives by the Central Government in reforming the banking and financial services sector has brought new challenges to the survival of small co-operative banks.

Further, the recent approval of payments bank, mass acceptability of Internet and mobile banking, entry of post offices in banking and financial services and the recent merger of 5 associate banks of SBI with State Bank of India; has put the management under a fresh dilemma to review the decision.

You are requested to help the management in taking the right decision by highlighting the following points :

14

- (a) Feasibility of such a proposal keeping in mind the recent trends in Indian Banking Sector
- (b) Growth drivers and advantages for banking sector in India
- (c) Challenges and opportunities for a small private bank in the given scenario

J7/1475

(Turn Over)

(4)

6. "Venture Capital Funds are like angels to Techno Start-ups in India." Explain this statement by the following points : 4+5+5=14

- (a) Differences of Venture Capital Funding and Angel Financing
- (b) Process and norms of Venture Capital Funding in India
- (c) Present State of Venture Capital Funds in India

OR

7. (a) Describe the role and functions of credit rating agencies in Indian Debt Market. 7
- (b) Give an overview of credit rating procedure in India. 7
8. 'Reality of Indian housing bubble : Will it burst?' has got a number of lessons for Indian Banking especially the housing finance sector.

Elaborate the following points keeping in mind the above case study : 6+4+4=14

- (a) Housing Finance and Economic Development in India.
- (b) Similarities and differences of Indian housing bubble and sub-prime crisis.
- (c) What suggestion would you give to Indian housing Finance Sector to avoid any catastrophe in near future?

J7/1475

(Continued)

Course No. : MM-3204

(CUSTOMER RELATIONSHIP MANAGEMENT)

1. Define CRM. Why is it necessary to keep customers in good humour? State the process for effective implementation of CRM in an organization. 2+2+10=14

OR

2. Define customer satisfaction. What role does customer satisfaction play in the overall CRM strategy formulation process of a service organization? 2+12=14

3. *Case :*

Maruti has always been among the most trusted automobile brands of India. A number of Indians still patronise Maruti despite entry of many foreign automobile brands. Mr. Gupta, has been one of those loyal customers of Maruti. He has owned no other brand of cars for 25 years. He started with Maruti 800 and graduated further. Recently, when his 'Maruti Ritz' started showing signs of trouble rust after the

warranty period got over, he contacted the customer care department and because of his trust and comfort he has had, his service recovery expectation were quite high. Although a company took a little more than a week to decide upon the compensation it would offer, the final settlement effectively covered half of the repair cost. The sluggish decision-making made Mr. Gupta call the company a number of times to enquire for. These status updates were really important as the repair shop could not its rob until Maruti determined its stand. That is because the parts and labour needed to be billed according to the company's decision. These accounting practices affected the delivery of service in terms of speed. The customer care agent offered Mr. Gupta an 'owner loyalty incentive' of ₹ 50,000 towards the purchase of another Maruti car within a year.

Although the speed recovery was not good, Mr. Gupta found the overall experience satisfactory since the complaint handling procedure was clear and he has been treating with respect. With this experience, he decided to buy a new 'Maruti Breeza'. To leverage the 'Owner Loyalty Incentive', he sent his bill of sale to the company with a letter of thanks recounting his previous

(7)

experiences with the company and specifying the problems caused due to misleading information in the user manual and lack of information from the company.

A month later he received a cheque along with a cover letter which did not reference his letter. The cheque had a stamped statement with an authorized signature clarifying that the 'Owner Loyalty Incentive' was not an incentive but a legal settlement. With this statement, the company turned a personalized interaction that infused greater loyalty into a legal transaction that endangered negative feelings. The thing that annoyed Mr. Gupta the most was the misrepresentation made by the customer care executive as he positioned the offer as an incentive instead of a legal settlement.

This time Mr. Gupta felt completely dissatisfied as not only was the speed of response slow but misrepresentation of information had also taken place. His dissatisfaction reached to that extent where he started considering other brands and wrote to the senior management of the company about his dissatisfaction. He felt that the positive outcomes of the recovery got over-shadowed with that last procedural action.

(8)

This letter caught attention of the company and it instantly acknowledged Mr. Gupta viewpoint and revised its procedures regarding the owner loyalty incentive. By doing this, the company reaffirmed or dissatisfied but loyal customer's trust. It further offered to rectify the problems. This initiative reinstated Mr. Gupta's faith in the brand and controlled his switching intentions as well.

Recently, Mr. Gupta purchased new 'Maruti Ciaz' for his wife and wrote back to the company about the value of good service recovery practices. He was expecting a short thank you note and received that too with a Maruti-logo travel cooler pack. This gesture instigated loads of goodwill for Maruti.

Questions :

- (a) What could have been done for no service failure in the above case?
- (b) How is important timeliness in service delivery for customer satisfaction?
- (c) How does service recovery infuse greater bonding between the seller and the buyer?

4. (a) Define the term 'service quality'. How can the service quality gaps be minimized or closed? $2+5=7$
- (b) State the role of customer expectation in customer satisfaction. Can customer satisfaction be linked to increased profitability? $3+4=7$

OR

5. Distinguish between any *two* of the following : $7 \times 2 = 14$
- (a) Conservative CRM and Internet-based CRM
- (b) Customer loyalty and Brand loyalty
- (c) Electronic point of sale and Regular point of sale
- (d) Attitudinal loyalty and Behavioral loyalty
6. "Effective database management is a key for success of e-CRM." Do you agree to this view? Justify your stand. 14

OR

7. How far are the contact centres effective in bridging the gap between the buyer and seller? Answer in light of the technological options available with the companies. $4+10=14$

8. In January 2001, the proposal for the merger of Bank of Madura Ltd. with ICICI Bank, the first merger of an Old Pvt. Sector Bank with a new Pvt. Bank was unanimously approved by the members. This merger had given ICICI bank the advantage of a larger B/S size, extensive geographic reach through enhanced branch network, increased customer base with cross-selling opportunities, increased threshold to finance small and medium enterprise (SME) segments and an opportunity for expanding agro-based lending and microcredit. More specifically, the merger enabled the bank to gain an additional customer base of 12 lakh.

An issue ICICI Bank could probably not realize at the time of deciding for merger was the people issue. ICICI Bank was a leading and quite professionally managed bank where most of its recruits were coming from top business schools of the country. Bank of Madura, on the other hand, had been a not so big old private bank with an average staff age being on the higher side and most of the managerial staff were coming from traditional mode of recruitment or they were promoted from the lower cadre and were doing business in the routine age-old fashion.

After merger, there was a huge issue of merging people who were of two different forms. ICICI Bank wanted the older set of staff to respond to the changes that ICICI Bank was introducing. Since that was the time when ICICI Bank was preparing to take a big leap by introducing lot many changes. There was huge incorporation of technology in the functions of banks and enormous emphasis on customer service and customer relationship.

This led to a difficult situation for the bank to deal with. The bank's success was hugely based on the superior customer service while the employees of bank of Madura were too old and rigid to be carried along with CRM practices of ICICI Bank.

Questions :

- (a) What importance should the employees be given while deciding for merger and acquisition?
- (b) What would you do if you were entrusted with the responsibility of aligning the employees of Bank of Madura with ICICI Bank's customer relationship initiatives?
- (c) What specific programs can be designed to motivate the people to take the initiatives themselves.

Course No. : HR-3305

(CROSS CULTURAL MANAGEMENT)

1. Indians are capable of thinking on constraints. They are analytical, risk averse, and can manage and deliver their best, meeting the deadline, when properly guided. This was the understanding of German Pharmaceutical major before they went for developing a contracted research facility at Pune. Shifting their R & D base at Pune, the company could save substantially, they thought. Like all other works, even the R & D work of the company is highly protocol bound, and requires every scientist to follow the standard operating procedures (SOPs) to carry out their research pursuit. For higher compensation offer, the company could draw the best talents from the country to pursue their R & D work. The Pune-based contracted research centre of the company undertakes tire R & D work, i.e. new product development for lifestyle diseases. For the last two years, the contracted research centre of Pune was trying hard to come out with a formulation to meet calcium deficiency, to ease the woes of middle-aged women of India. The potential animal source was discarded to develop the formulation for obvious social stigma attached with it.

Moreover, the R & D scientists were also not vetting its usage, as it could develop other syndromes while users try to weigh their calcium requirements. After long persuasion, Indian scientists could come out with an alternative formulation, mainly a patented Indian herbs. Its clinical trial results were excellent. With a detailed therapeutic analysis, the developed formulation was sent to the German headquarters for finalization. The German head office, after cost-benefit analysis, discarded the research, and went for the animal-based formulation to introduce the magic cure for Indian women to fight against calcium deficiency.

The commercial launch of the company utterly failed, as some of the R & D scientists, out of their frustration, made it a talk of the town.

- (a) Study the above case and identify the cross-cultural issues, which might have caused such setback in new product launching initiative of the organization. 5
- (b) Discuss the universal cultural variables found in most societies that make up the unique identity of a society. 9

2. Discuss the stages model of structural evaluation of MNCs with suitable examples. 14

OR

3. Discuss in detail Hofstede’s value dimensions. Also highlight the practical applications of Hofstede’s research findings with examples. 9+5=14

4. Scenario :

Conversation	Attribution
American (A) : “How long will it take you to finish this report?”	A : I asked him to participate. G : His behaviour makes no sense. He is the boss. Why doesn’t he tell me?
Greek (G) : “I don’t know. How long should it take.”	A : He refuses to take responsibility. G : I asked him for an order.
A : “You are in the best position to analyze time requirement.”	A : I press him to take responsibility for his actions. G : What nonsense : I’d better give him an answer.
G : “10 days”	A : He lacks ability to estimate time; this time estimate is totally inadequate.
A : “Take 15. Is it agreed? You will do it in 15 days?”	A : I offer a contract. G : These are my orders : 15 days.

In fact, the report needed 30 days of regular work. So the Greek worked day and night, but at the end of the 15th day, he still needed to do one more day's work.

<i>Conversation</i>	<i>Attribution</i>
A : "Where is the report?"	A : I am making sure he fulfills his contract. G. He is asking for the report.
G : "It will be ready tomorrow."	(Both attribute that it is not ready.)
A : "But we agreed it would be ready today."	A : I must teach him to fulfill a contract. G : The stupid, incompetent boss! Not only did he give me wrong orders, but he doesn't even appreciate that I did a 30-day-job in 16 days.
The Greek hands in his resignation.	(The American is surprised) G : I can't work for such a man.

In the situation depicted above, the Greek employee gets frustrated and resigns after experiencing communication problems with his American boss. In this context, discuss the cultural variables that can affect the communication process.

14

5. Discuss the stages in the negotiation process and how culturally-based value systems influence these stages. 14

OR

6. Discuss the various sources of recruitment at macrolevel that are followed by MNCs. Also highlight the major reasons behind the failure of expatriates in foreign assignment. 9+5=14
7. Elaborate the organizational strategies for managing diversity at workplace. 14

OR

8. "A few years ago, British American Tobacco were reported as handing out free cigarettes at a youth athletics event in Africa. In fact this practice is quite common, and follows the example of soft drinks companies among others."
 - (a) Is there anything wrong with such generosity? When is a free gift OK and when is it not? 2+3=5
 - (b) Briefly discuss the ethical dimensions of International Human Resource Management. 9
