

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

**BUSINESS ADMINISTRATION**

**( 4th Semester )**

Course No. : MBAEC-406

*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* from FM-3103  
*or* HR-3303 *or* OM-3403

Course No. : FM-3103

**( International Financial Management )**

Answer **all** questions

1. (a) Explain the similarities and dissimilarities between international financial system and domestic financial system. 7
- (b) Explain with example the comparative advantage theory of international trade. 7

2. (a) The EU, USA and Japan are India's biggest trade partners sharing 35%, 40% and 25% of its trade respectively. Assuming 2008-09 as the base year, when the exchange rates were ₹41.48/Euro, ₹45.68/US \$ and ₹0.414/Yen. These rates changes over the year and in the year 2013-14, the rates became ₹43.91/US \$, 52.67/Euro and ₹0.408/Yen. Find out the effective exchange rate index during 2013-14. 7
- (b) Explain the factors which influence the exchange rate. 7

**OR**

3. (a) If exchange rate at the end of 2014-15 was ₹64.15/\$ and the rate of inflation in India and USA during 2015-16 was 7 percent and 4 percent respectively, find out (i) inflation rate differential between the two countries and (ii) the exchange rate at the end of the year 2015-16. 3+3=6
- (b) Find the rate of inflation if the nominal and real interest rates are respectively 15 percent and 6 percent. 4
- (c) Explain international Fisher effect and give a suitable example. 4

( 3 )

4. (a) If sport rate ₹ 40·00–40·10/\$  
1 month forward rate ₹ 40·50–40·70/\$  
3 months forward rate ₹ 40·80–41·10/\$  
find the forward rate for 1 month and  
10 days. 6
- (b) What is transaction exposure? How is  
transaction exposure managed? 8
5. (a) Explain the importance of capital  
budgeting. 4
- (b) A Japanese firm has decided to  
manufacture 10000 cars in India with  
an initial investment of ₹ 700 crore.  
Price of the car will be ₹ 4 lakh and  
the variable cost is estimated to be  
₹ 2·30 lakh including the cost for  
importing the spear parts. The demand  
for the car is expected to grow up to  
12000 units in the next year. On the  
other hand, the rupee is expected to  
depreciate vis-à-vis Yen in the coming  
years and the variable cost is expected  
to rise from ₹ 2·30 lakh to 2·90 lakh.  
Find out what are the options available  
to the manufacturer. Assume that the  
required risk-free rate of return is 12%. 10

( 4 )

**OR**

6. (a) If the cost of per equity share is \$ 50  
and the floating charge is 6%, the  
company is paying dividend @ \$ 4 per  
equity share and the growth of dividend  
was 5% in the past years. Find out the  
cost of equity capital. 6
- (b) Why is cost of retained earnings  
calculated? What is the difference  
between the cost of retained earnings  
and cost of equity? 8
7. Write notes on : 7+7=14
- (a) Dividend policy of multinational firm
- (b) Non-financial factors in capital  
budgeting decision

**OR**

8. (a) Distinguish between minimum alter-  
native tax and double taxation  
avoidance treaty. 8
- (b) Explain why dividend policy is  
important for MNCs. 6

Course No. : HR-3303

( Legal Framework Governing HRM )

Answer **all** questions

UNIT—I

- 1. Discuss the factors influencing the emergence of modern labour legislation. 14

UNIT—II

- 2. Elaborate the main provisions of the Workmen’s Compensation Act, 1923. 14

**OR**

- 3. What are the three types of disablement defined under the Employees’ State Insurance Act, 1948? Briefly discuss the disablement benefit and dependents’ benefit provided under the Act. 5+9=14

UNIT—III

- 4. Read the following case and answer the questions that follow :  
The respondent—a monthly-rated employee of the appellant—a public company, ceased to be an employee on attaining the age of superannuation after completing 35 years of service. Since he was entitled to payment of gratuity under the ‘Payment of Gratuity Act, 1972’, the appellant calculated the amount

of gratuity payable under sub-S (2) of S 4 on the basis that ‘fifteen days’ wages’ meant half of the monthly wages last drawn, i.e., for 13 working days, there being 26 working days in a month. The respondent being dissatisfied with this payment, made a claim, before the Controlling Authority, for payment of additional sum of gratuity on the ground that the daily wages should be ascertained on the basis of what he actually got for 26 days and the amount of ‘fifteen days’ wages’ should be calculated accordingly, not by just taking half of his wages for a month of 30 days on fixing his daily wages by dividing his monthly wages by 30.

The Controlling Authority held, that for the purpose of calculating ‘fifteen days’ wages’ it is necessary to ascertain one day’s wage and since a month consists of 26 working days, the amount of gratuity should be calculated by dividing the monthly wages last drawn by 26 and multiplying by ‘fifteen’, and not by just taking half of the monthly wages or by dividing such monthly wages by 30.

- (a) State whether there was an error in the mode of computation of the amount of gratuity payable to the respondent under the Payment Gratuity Act, 1972. 3

( 7 )

- (b) What are the conditions of eligibility for gratuity under the Act? Also highlight the provisions for payment of gratuity.

6+5=11

**OR**

5. (a) State the qualifying conditions of a woman employee to be entitled to maternity benefit under the Maternity Benefit Act, 1961. 4
- (b) What is the rate and duration of maternity benefit? 5
- (c) Mention the provisions related to the restriction on employment during certain periods. 5

UNIT—IV

6. Discuss the provisions related to safety and welfare under the Factories Act, 1948. 14

**OR**

7. Read the following case and answer the questions that follow :

Sivakasi is a small municipal town in Ramanathapuram district. It is famous for three types of industries—fireworks, matchsticks and printing. There are nearly 450 fireworks factories present in Sivakasi,

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( Turn Over )

( 8 )

employing almost 40000 workers directly and about 1 lakh indirectly. Due to lack of modern machineries child labour is extensively used. Children of aged 4–10 years earn on an average ₹ 12 per day. Employers take advantage of their economic condition and force them to work on an average 12 hours a day.

- (a) Highlight the legal issues involved in the case. 6
- (b) Discuss the provisions related to employment of young persons under the Factories Act, 1948. 8

UNIT—V

8. Define bonus. Discuss the provisions of payment of minimum and maximum bonus under the Payment of Bonus Act, 1963. 2+12=14

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( Continued )

Course No. : OM-3403

**( Logistics and Supply Chain Management )**

Answer **all** questions

1. Read the following case and answer the questions that follow :

Pagoda.com is an Internet Service Provider (ISP) that caters to individual consumers and small businesses who require a high level of service and are willing to pay a premium for it. Specifically, Pagoda.com offers state of the art, e-mail applications and Web building software, as well as plenty of storage space and fast access via its high speed servers. Jerry Hunter, the Marketing Vice-President, puts it this way—"There are a lot of companies out there distributing free CDs and promising the cheapest Internet access. But what do you get for your money? Slow or no-access, a mailbox full of spam and an endless stream of system crashes. And I won't even mention the lack of support if you have a technical question! For a few dollars more a month, we give our customers the environment they need to be productive—without having to think about whether or not they can retrieve the e-mail, or whether their Web site has crashed. It is no surprise, then, that we have the highest customer satisfaction and retention rates in the industry."

The online Help Desk—one of Pagoda's services is its online help desk. The online help desk works as follows : Customers who are experiencing technical problems or who simply have questions about their account, enter a one-on-one 'chat room', where they can 'talk' directly with an expert. Problems are resolved within 10 minutes and customers have listed it as one of the top three reasons why they stick with Pagoda.com. Presently, Pagoda has enough capacity to handle up 900000 requests per year, although management does not expect the number of requests to change much from the current level of 800000 per year. A firm located in New Delhi, India, has approached Pagoda about outsourcing the online help desk. The offer is attractive. The New Delhi firm's own personnel would handle the help desk function. These personnel all speak English fluently and have college degrees or appropriate technical backgrounds. And because they are located in India, labour costs would be fraction of what they are in the United States—a saving that would be passed on, in part, to Pagoda. And because the help desk, chat room exists on the Internet, Pagoda's customers should be unaware on the switch. Pagoda management has put together the following figures,

outlining the yearly costs associated with the current system and the Indian proposal current online Help Desk.

Personnel costs—40 full-time equivalent (FTE) technical experts @ \$ 40,000 per year (salary and benefits). 3 Supervisors @ \$ 70,000 each per year (salary and benefits). Equipment costs—4 servers @ \$ 2,000 per year, 20 PCs @ \$ 1,000 per year. Variable costs \$ 1.50 per request (office supplies, fax paper, etc.)

New Delhi proposal :

Fixed cost—\$ 15,00,000 per contract year (to cover administrative and IT costs)

Charge—\$ 0.50 per request

- (a) Calculate the total costs for outsourcing the online help desk and for staying with the current solution. Which option is cheaper?
- (b) A statement of work typically specifies performance measurements that the buying firm can use to determine whether or not the service provider is meeting the terms of the contract. What performance measurements would you recommend be put in place? What should happen if the service provider fails to meet these requirements?

7+3+4=14

- 2. Discuss in brief the different supply chain drivers known to you. 14

**OR**

- 3. Discuss in brief the importances of warehouse in supply chain management. Mention the typical layout plan of warehouse. 7+7=14
- 4. What do you mean by supply chain forecasting? Discuss in brief the bullwhip effect. 7+7=14

**OR**

- 5. Explain in brief the supply chain risk management. 14
- 6. Discuss the role of logistics in supply chain management. 14

**OR**

- 7. What do you mean by integrated logistics? Discuss the barrier for integrated logistics. 7+7=14
- 8. Read the following case and answer the questions that follow :  
When Nintendo Co. shipped its new 'Mario Kart : Double Dash' video game to stores in November 2003, most retailers agreed to pay a little extra to have the games sent directly

to the stores within nine days. For about 60% of the stores, the games went from a packaging plant near Seattle straight to the retail-store shelves, no stops at warehouse or distribution centres, which can increase the time a product gets to the shelf to as long as six weeks. As it turned out, speed was crucial. The game, which features characters racing go-carts while throwing things at each other, was out of stock by the first week of December, after sales of almost 500000 games. Nintendo was able to restock shelves in time for the critical pre-Christmas rush—thanks to Atlanta based United Parcel Service Inc and Nintendo sold more than 900000 games in the US by the end of the year. The trend toward JIT retail shipment has been growing over the past decade. Nintendo began shipping video games that way 10 years ago. But in 2003, with the economy sputtering, retailers strove to keep inventories low. So when an item like 'Mario Kart' sold well, some retailers were in a bind and relied on faster shipping of merchandise to stores to accommodate customers. UPS and Fed Ex have beefed up their services for retail shipments, not only delivering packages to stores on a tight schedule, but also handling customs or packing the goods exactly as the retailer wants. UPS goes far as

to inspect goods for retailers and to put clothes on hangers. Other transport companies are using their extensive delivery networks in new ways to handle direct-to-store shipments. Closely held truck load carrier Schneider National Inc, Green Bay, Wis, sees itself as a 'rolling warehouse', delivering goods to retail stores as they are needed, said the VP of marketing for the carrier. Schneider use the same equipment to load goods on trucks or on trains, which has turned out to be one of the company's strengths as a retail-goods carrier. Schneider network can change its destination without having to be reloaded on different equipment. Working closely with retail stores to reduce inventory requires implementing expensive technology to track where products are selling the best. Transport companies must have the technology to track shipments and get them to the retailer at a specified time and manufacturers must install their own tracking systems to match that of the retailers. Suppliers such as Scholastic and Nintendo tend to bear most of the costs of getting goods to the retailers and in some cases that means paying to store inventory on behalf of the retailers. As for Nintendo, a 10 year veteran of direct-to-store deliveries,

the game-maker has managed to pass along some of the shipping costs to retail customers. Marketing head Mr. Harrison said retailers that participate in the direct-to-store shipping program must pay extra, amounting to about 2% of total sales, allowing Nintendo and retailers to share the costs. "We try to show them the benefits" of cutting down on their own inventory and cycling fresh products on the shelves more quickly, he said.

- (a) From the retailer's perspective, what are the dangers of understocking a video game during the holiday season? What are the dangers of overstocking?
- (b) In addition to support tighter delivery schedules, how else are logistics service providers supporting their customers?
- (c) What role will information system (IS) play as retailers seek to reduce inventories by receiving smaller, yet more frequent and accurate shipments? What are the implications for the manufacturers and logistics service providers who serve the retailers?

4+5+5=14

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HR-3303/OM-3403/086