

Roll No. 5000 25/30/30/40

N-509

June - July 2019

Master of Business Administration (MBA) Examination

(Full Time) (New) Fourth Semester

FT-401C : CORPORATE GOVERNANCE AND GLOBAL BUSINESS ENVIRONMENT

Time 3 Hours]

[Max. Marks 80

Note : Attempt any four questions from Section A. Section B is compulsory.

Section A

1. What are the practices on corporate governance is followed in major developing countries in the world. Compare on the basis of models adopted by them.
2. What are the benefits of analysing external factor of environment ? How they contribute in framing governmental policies ?
3. How does political environment influence the business policy of an organisation ? Explain by giving suitable example.
4. Suggest ways in which global brands and global advertising campaigns might benefit a company. Provide suitable case example to support your logics.
5. Why the board of directors are key to corporate governance ? In what ways board of director protect the interest of shareholders of an organisation ?
6. Discuss the different sources of financing foreign trade. What role is played by IMF (International Monetary Fund) in boosting for foreign trade ?
7. Write short notes on any two of the following :
 - (a) Heckscher-Ohlin theory of factor endowment.
 - (b) SEBI's role in strengthening corporate governance.
 - (c) Recent trends of Balance of Payment of Indian Economy.

Section B

8. Explain the following questions :
 - (a) Regulatory frame work of corporate governance in India.
 - (b) Analyse the case given below and suggest those points of discussion which you can raise in front of board members.

Case Study

"Government of India closely watching rise in FOREX reserves."
"BOP situation for India worsens over last few months due to bird flu scare."
"RBI considering possible hike in CRR, thereby signaling possible tight monetary policy."
"Political parties demanding compensation in dollar terms, for farmers for chickens culled."

These were some of the headlines screaming for your attention before the annual board meeting. You-the CEO of a mega-property developing corporation-call up the chief economist to take her views into consideration. Your company has heavily invested in many mega projects and you are planning to ride the retail boom. The organisation has ambitious plans to make foray into airport and seaport privatisation process. This will mean hand-holding with international agencies and taking loans and, possibly, equity partnership. These inflows will have the usual condition of repayment of interest and minimum guaranteed dividends in dollar terms.

Your phone rings and chief economist explains, "On one hand, India has a promising future in retail market, as it is evident from the shopping malls boom in all metros and mini-metros. Therefore, our investments are well protected. GDP is projected to grow at about 8% over next five years. This will mean a much larger foreign trade components, giving fillip to requirement of airport and seaport infrastructure. In such a scenario, we should be able to establish ourself in this sector as well. However, on the other hand, there is a definite possibility that in case

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this GDP growth is not achieved, unemployment will rear its head once again, causing supply side shortages and unabated demand in some sectors- thereby meaning inflation will soar, and, in turn, interest rates will go up; and finally this will put downward pressure on rupee against all major currencies. This will erode our credibility and profitability in the market. The signs of impact could be visible in six months from now and among the first indicators of this shift looming over the horizon will be change in India's BOP account." You listen to her silently on your intercom.

You give a sigh of relief as soon as her prognosis is over. You call up your treasurer for a small chat. After all, he is the person who deals in foreign exchange market on minute-to-minute basis.

He has a different story to tell, "Well, even if worst case scenario emerges, we stand to gain. See, hardening of interest rates with devaluation of currency will not have any material impact on us. In fact, with this India will become a preferred destination for further foreign investment. Our exports will become more competitive in the international market and it will give a boost for indigenous production of many things. This means more imports of plant and machinery, and of course, raw materials." He signs off by saying, "I see no reason for worry even if BOP situation worsens, we are well covered in currency and interest rate futures market." He adds further with smile, "We can actually make money on the basis of this forecast, subject to the permission from our board to take position in options markets."

You sit back in your chair and try to figure out what your presentation is going to be in front of the board.

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