DEPARTMENT OF MANAGEMENT

SCHOOL OF MANAGEMENT & BUSINESS STUDIES

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Ph.D. Course Work Examination 2023

Subject Name: Contemporary Issues in Finance M.M.: 60

Subject Code: DRM – EF – 02 Title: 03 Hours

Note: Answer any five question, each carry equal marks.

Q1: "The banking sector is a keystone of any financial system. The smooth functioning of the banking sector ensures the healthy condition of an entire economy. In the process of accepting deposits and lending, loans banks create credit. The funds received from the borrowers by way of interest on loan and repayments of principal are recycled for raising resources. However, building up of non-performing assets (NPAs) disrupts this flow of credit. It hampers credit growth and affects the profitability of the banks as well. NPAs are the leading indicators to judge the performance of the banking sector. As per Reserve Bank of India (RBI) reports on November 2018, the gross amount of poor quality loans is in excess of Rs 9 lakh crores, which shows the severe impact it has on lending practices of banks and their liquidity positions. This growth is a result of quadrupling during the past five years, which shows the poor practice of banks with regard to lending."

Based on the above scenario, answer the following questions:

a. Identify the research questions.
b. Identify the best suitable research title.
c. Determine the source of Data Collection.
d. Comment on the Research Design.
e. Suggest possible solutions for the problem.

Q2: "In recent years, the banking sector in India has witnessed a transformative evolution that encompasses a multitude of factors, from technological advancements to regulatory reforms, and changing consumer behaviors. With these dynamics in mind, could you provide an in-depth analysis of the emerging scenario of banking in India, highlighting the key trends, challenges, and opportunities that are shaping the industry?

Q3: "Effective risk management is paramount for the stability and success of banks". In the context of modern banking, could you provide an in-depth analysis of risk management practices, strategies, and challenges, emphasizing their significance in maintaining financial soundness and regulatory compliance?

Q4: a. Analyze the impact of significant SEBI reforms, such as the introduction of the Insider Trading Regulations or the Listing Obligations and Disclosure Requirements (LODR) framework.

b. How have market participants adapted to and responded to these regulatory changes?

Q5: Dr. Reddy's Laboratory Ltd. is known for its inorganic growth strategies. Since its formation in 1984, it has acquired many companies such as Benzex Lab (1984), Meridian Healthcare (2002), Falcon (2005), Betapharm (2006), DowPharma Small Molecules Business (2008), BASF (2008), Alliance with GlaxoSmithKline (2009). Discuss the significance of corporate restructuring as a tool of inorganic growth for businesses. How is a merger different from an acquisition?

Q6: "Financial Innovation and Risk Management: A Case Study of XYZ Bank"

XYZ Bank, a leading financial institution, has recently introduced several innovative financial products and services to enhance its market competitiveness. These innovations include complex derivatives, structured products, and algorithmic trading strategies. The bank claims that these initiatives are aimed at improving returns and meeting the evolving needs of clients. However, concerns have been raised about the potential risks associated with these innovations, including operational, systemic, and reputational risks.

As a Ph.D. candidate specializing in finance, your task is to conduct an in-depth case study analysis of XYZ Bank's financial innovation initiatives. Your analysis should address the following key points:

a. Innovation Strategy: Evaluate the specific financial products and services introduced by XYZ Bank. Assess the stated objectives of these innovations and their alignment with market trends and customer demands.
b. Regulatory Compliance: Investigate the regulatory environment in which XYZ Bank operates. Assess the bank's compliance with relevant financial regulations and the potential implications of non-compliance.
c. Risk Mitigation Strategies: Propose and evaluate potential strategies for mitigating the identified risks. Discuss the trade-offs between innovation and risk mitigation in the context of XYZ Bank's business model.

Q7: a. Investigate the integration of ESG factors into international investment decision-making.

b. How do ESG considerations influence the risk and return profiles of international investment portfolios?

Q8: Write short note on (any two):

a. FDI & its impact on host country
b. Common currency hedging techniques
c. Interest rate parity and its relevance to the forward market