

Code: 17E00308

MBA III Semester Supplementary Examinations October 2020

FINANCIAL INSTITUTIONS & SERVICES

(For students admitted in 2017 & 2018 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

SECTION – A

(Answer the following: 05 X 10 = 50 Marks)

- 1 (a) What is financial system?
(b) How does the financial system impact the economic development of a country?
OR
- 2 Elaborate on the role of RBI towards maintaining the financial strength of the country.
- 3 Explain about Indian banking system. What are the recent developments in Indian banking system?
OR
- 4 What are mutual funds? State various types of mutual fund schemes.
- 5 (a) What is money market? Explain.
(b) What are the various instruments of money market?
OR
- 6 What is capital market? Discuss about the different capital market instruments in India.
- 7 (a) What is the scope and objectives of venture capital funds?
(b) Categorize the important VCF's and their schemes in India.
OR
- 8 Explain the following:
(a) Hire purchase.
(b) Housing finance.
- 9 (a) What do you mean by credit rating?
(b) Analyze the important features of credit rating business in India.
OR
- 10 Define merchant banking. Explain the SEBI guidelines on merchant banking.

SECTION – B

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case Study:**

Briefly explain the different life insurance policies. Has the growth of LIC in respect of its efforts to mobilise savings and the volume of funds at its disposal taken place in India over a period of time.

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MBA III Semester Regular & Supplementary Examinations November/December 2019

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SECTION – A

(Answer the following: 05 X 10 = 50 Marks)

1 What do you mean by financial system? Explain the various elements of financial system and its importance in India.

OR

2 Discuss various regulatory and promotional institutions of financial system in India.

3 Discuss the origin, growth, objectives and functions of NBFIs in India.

OR

4 Critically examine the operations of IRDA.

5 Explain the organization structure of securities market in India in detail.

OR

6 Discuss various money market instruments available in India and also discuss differences between primary and secondary markets.

7 What are Fund-based financial services in India? Explain the features of lease finance and housing finance services.

OR

8 Define factoring and state how it is superior to Bill Financing.

9 Discuss in detail about various Fee-based services in India.

OR

10 Discuss the functions, advantages and limitations of merchant bankers in India.

SECTION – B

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case Study:**

XYZ Ltd., is in the business of manufacturing steel utensils. The firm is planning to diversify and add a new product line. The firm can either buy the required machinery or get it on lease.

The machine can be purchased for Rs. 1500000. It is expected to have a useful life of 5 years with salvage value of Rs. 100000 after the expiry of 5 years. The purchase can be financed by 20 per cent loan repayable in 5 equal annual installments (inclusive of interest) becoming due at the end of each year. Alternatively, the machine can be taken on year-end lease rentals of Rs. 450000 for 5 years. For your exercise, you may assume the following:

(i) The machine will constitute a separate book for depreciation purpose. The company follows written down value method of depreciation, the rate of depreciation being 25 percent.

(ii) Tax rate is 35 percent and cost of capital is 18 percent.

(iii) Lease rents are to be paid at the end of the year.

(iv) Maintenance expenses estimated at Rs. 30000 per year are to be borne by the lessee.

Question:

Advise the company on which option it should choose.

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SECTION – A

(Answer the following: 05 X 10 = 50 Marks)

- 1 List out some regulatory and promotional institutions for financial system.
OR
- 2 Explain the role and significance of RBI.
- 3 Discuss the problems and prospects of NBFIs.
OR
- 4 What do you mean by mutual funds? Explain the role of AMFI.
- 5 What are the primary and secondary markets? Explain the functions of money market.
OR
- 6 Discuss in detail the role played by the government securities.
- 7 Explain the features and process of venture capital funding.
OR
- 8 Explain the regulatory mechanism for leasing system in India.
- 9 Briefly discuss the various rating agencies functioning in the Indian capital market.
OR
- 10 Explain the challenges faces by investment banker.

SECTION – B

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case Study:**

The problem before the insurance regulatory authority (IRA), in some ways is unique. Unlike the SEBI and even the telecom regulatory authority, which inherited up and running businesses, the IRA is presiding over an unborn industry. IRA has not only to regulate the insurance industry but also, at least in the initial phases act as midwife. It is therefore welcome that IRA regulatory will work towards creating an environment that generates confidence among potential policyholder. And for this, what IRA is ensuring that the insurance companies have enough money to pay for any redemption or withdrawal. They should be perceived as safe as bank.

Already, several Indian companies have planes to enter into the insurance sector and a dozen companies have tied-up with foreign partners. Further, as foreign players enter the market, one of the officials points out that equally tie-up would be better than technical collaborations. Further the entry of these foreign players will also lead to greater qualities in the products offered. This will also call for some-re-orientation of strategies for the existing player-the LIC and GIC.

Questions:

- (a) The insurance regulation will work towards creating an environment that generator confidence among potential policyholders. Why are these needs for creating such an environment? What measures has the IRDA takes in this regard.
- (b) What strategies do you recommend to a new private sector insures?

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MBA III Semester Regular Examinations November/December 2018

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Max. Marks: 60

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SECTION – A

(Answer the following: (05 X 10 = 50 Marks))

1 What is financial system? Discuss the functions and role of financial system in economic development.

OR

2 Discuss the monetary policy and techniques of RBI in India.

3 Give a brief note on objectives, functions and promotional activities of ICICI and Cooperative Banks in India.

OR

4 What is mutual fund? Discuss the role and growth an Indian mutual funds and its regulation.

5 What is money market? Discuss the structure and types of money market.

OR

6 Critically evaluate the role and functions of SEBI in regulation of capital market in India.

7 What is housing financing? Discuss the functions, process and advantages of Housing financing.

OR

8 Differentiate between leasing and hire purchase and list out the limitations of lease finance.

9 What is Merchant Banking? Explain the role, functions and advantages of merchant banking.

OR

10 List out various credit rating agencies in India and also brief about steps in credit rating process in India.

PART – B

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case study:**

Girish Chandra Srivastava and Kewalkrishan Mehta had been class fellows during their engineering college years. They both belonged to chhatisgarh region of India. They had started steel mills way back in 1958. Girish came from a poor family and had to struggle for every rupee to set up the unit. He started with a second-hand plant, because he could not afford anything better. But over the years, he continued to update his machinery. Kewalkrishan, on the other hand, set up an ultra-modern factory. The plant and machinery was the latest and many industrialists came to him, merely to see the unit, and to learn. It is to the credit of the two class fellows that they did not let their friendship be affected because of these differences. Actually, Kewalkrishan had sought the advice of Girish on many technical issues, since Girish was a bookworm and knowledgeable about the latest technological innovations.

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Time went by and 32 years later, Ravi Srivastava and Anil Mehta moved in on the retirement of their fathers. Anil was a qualified finance manager (MBA Finance). Ravi had learnt the tricks of the trade while growing up in his father's factory. However, during the four decades, the status of the two plants had reversed. The factory of the Srivastava was technological improvements in all these intervening decades. Hence, the fixed costs at Srivastava's plant were high, but those of Mehta's factory were low. The reverse was the case for variable costs, due to better productivity of Srivastava's modern machinery. Refer to the data given below for similar annual sales of Rs. 40 lakh.

Item	Srivastava	Mehta
Variable costs	Rs. 3200000	Rs. 2800000
Fixed costs	Rs. 400000	Rs. 800000
Total cost	Rs. 3600000	Rs. 3600000
Net profit	Rs. 400000	Rs. 400000

Profit in both the cases was equal, 10% of the sales. There was a sudden boom in the industrial and construction activity due to liberalization of the economy by the government. Demand for steel increased and Srivastava factory had to switch to two-shift operations. Mehta followed suit. In the next two years, turnover of Rs, 7900000 and Rs. 8100000 respectively, were achieved by both the competitors. However, good times do not last forever and recession soon spread in the industry. It affected the steel industry too. The turnover slumped to Rs. 3000000 in the third year.

- (a) Anil Mehta sat down to calculate his profits as well as those of Ravi Srivastava during these three years. Help him and offer your comments about the results.
