

Code: BA3T7F

II MBA-I Semester-Regular Examinations JANUARY 2016

FINANCIAL MARKETS AND SERVICES

Duration: 3 hours

Max. Marks: 70

SECTION-A

1. Answer any FIVE of the following:

5 x 2 = 10 M

- a) Money market.
- b) Capital adequacy norms.
- c) Commercial paper.
- d) SFC.
- e) Venture capital.
- f) CRISIL.
- g) What is factoring?
- h) Port-folio managers.

SECTION – B

Answer the following

5 X 10 = 50

2. a) Discuss about the structure and the components of Financial Markets in India.

(OR)

b) What are Financial Intermediaries? Discuss their role in the development of capital market.

3. a) Examine the performance of public sector commercial banks during the last one decade.

(OR)

b) Discuss about the measures taken by SEBI to regulate the activities of non-banking financial institutions.

4. a) Critically examine the role and performance of IDBI.

(OR)

b) What is the present structure of Insurance industry in India? What measures do you suggest for the growth and development of the insurance industry?

5. a) What is Mutual fund? Explain various types of Mutual funds.

(OR)

b) What are the major housing finance organizations in India? Evaluate their performance.

6. a) What is a Merchant bank? Distinguish between Commercial bank and Merchant bank.

(OR)

b) What are the SEBI regulations governing Merchant banking operations?

SECTION –C

7. Case Study

1 X 10 = 10

A company is thinking of installing a computer. It is to decide whether the computer is to be purchased outright (through 14% borrowings), or to be acquired on lease rent basis. The firm is in the 35% tax bracket. The other data available is as follows:

Purchase of computer:

Purchase price: Rs. 20,00,000

Annual maintenance: Rs. 50,000 per year paid in advance

Expected useful economic life: 6 years

Depreciation: Straight-line method

Salvage value: Rs. 2,00,000

Leasing of computer:

Lease charges (to be paid in advance): Rs. 4,50,000

Maintenance expenses, to be borne by lesser payment of loan, 6 year end installments of Rs. 5,14,271. You are required to advice the company as to whether it should purchase the computer or acquire it on lease.