



III Semester M.B.A. (Day) Examination, January 2011

(2007 – 08 Scheme)

MANAGEMENT

Paper F – 2: Financial Markets and Intermediaries

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer **any six** of the following : (6×2=12)

- a) What is an IPO ?
- b) What do you mean by 'Gree shoe option' ?
- c) What is MMMF ?
- d) Distinguish between factoring and forfeiting.
- e) What is venture capital ?
- f) What is a commercial paper ?
- g) What is an insider trading ?
- h) What do you mean by securitisation ?

SECTION – B

Answer **any three** questions. **Each** question carries **8** marks. (3×8=24)

2. Discuss briefly the structure of Indian Financial System.
3. Explain the important functions of SIDBI.
4. Explain the role played by Merchant Bankers in India in connection with New Issuc Management.
5. Explain briefly the money market instruments which are popular in India.
6. Explain the methodology adopted by credit rating agencies for security rating.

P.T.O.



SECTION - C

Answer **any two** questions. **Each** question carries **12** marks. (2×12=24)

7. Discuss the role of financial system in development of an economy.
8. Describe the different types of schemes floated by mutual funds.
9. Give a brief account of derivatives market in India.

SECTION - D (Compulsory)

15

Case Study :

10. The ABC Ltd. is in the tax bracket of 35% and discounts its cash flow @ 16%. In the acquisition of an asset worth Rs. 10,00,000, it is given two offers : either to acquire the asset by taking a bank loan @ 15% p.a. repayable in 5 yearly instalments of Rs. 2,00,000 each plus interest or to lease in the asset at an yearly rentals of Rs. 3,24,000 for 5 years. In both cases, the instalment is payable at the end of the year. Applicable rate of depreciation is 15% using WDV method.

You are required to suggest the better alternative.

Year	:	1	2	3	4	5
PV factor @ 16%	:	0.862	0.743	0.641	0.552	0.476
