



III Semester M.B.A. (Day) Degree Examination, January 2012
(2007-08 Scheme)

Management

F-2 : FINANCIAL MARKETS AND INTERMEDIARIES

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer any six of the following. Each sub-question carries 2 marks. (6×2=12)

- a) What do you mean by Re-insurance ?
- b) What is financial lease ?
- c) What do you mean by floor price ?
- d) What is disclosed factoring ?
- e) Give a brief account on private placement.
- f) What is dematerialisation ?
- g) What do you mean by underwriting ?
- h) Write a note on margin trading.

SECTION – B

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

2. Explain in brief the structure of Indian Banking System.
3. Discuss the objectives and important functions of Exim Bank.
4. State the different types of factoring. Differentiate between factoring and forfeiting.
5. Explain the mechanism in the asset securitization process.
6. Describe the various types of instruments in Indian capital market.

P.T.O.



SECTION - C

Answer any two questions. Each question carries 12 marks. (2x12=24)

7. Discuss in detail the different techniques of Monetary Policy.
8. Explain the various functions performed by Merchant Bankers.
9. Discuss the book building process for initial public offerings.

SECTION - D

10. Case Study : 15

DIP Pvt. Ltd. is considering the possibility of purchasing a multipurpose machine which cost Rs. 10 lakhs. The machine has an expected life of 5 years. The machine generates Rs. 6 lakhs per year before depreciation and tax, and the management wishes to dispose the machine at the end of 5 years which will fetch Rs. 1 lakh. The depreciation allowable for the machine is 25% on written down value and the company's tax rate is 50%. The company approached a NBFC for a five year lease for financing the asset which quoted a rate of Rs. 28 per thousand per month. The company wants you to evaluate the proposal with purchase option. The cost of capital of the company is 12% and for lease option it wants you to consider a discount rate of 16%.

	0	1	2	3	4	5
PV @ 12%	1.000	0.893	0.797	0.712	0.636	0.567
PV @ 16%	1.000	0.862	0.743	0.641	0.552	0.476