



PG - 971

III Semester M.B.A. Degree Examination, February 2017
(2007 - 08 Scheme)
Management

Paper - F.2 : FINANCIAL MARKETS AND INTERMEDIARIES

Time : 3 Hours

Max. Marks : 75

Instruction : Answer all Sections.

SECTION - A

Answer **any six** questions. Each question carries 2 marks. (6×2 = 12)

1. a) What do you mean by organised financial system ?
- b) What is Retail banking ?
- c) Differentiate between operating lease and financial lease.
- d) Define venture capital.
- e) What do you mean by margin trading ?
- f) What is net asset value of a mutual fund ?
- g) What is Dematerialisation ?
- h) Define options.

SECTION - B

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

2. Differentiate between money market and capital market.
3. Elucidate the changing trend in the Indian insurance sector.
4. Give an account of innovations in Indian banking.
5. Explain the need for securitisation of financial assets.
6. Describe the objectives and functions of Exim Bank.

P.T.O.



SECTION - C

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

7. Describe the transformation functions of a financial system.
8. Explain the various services provided by Merchant bankers.
9. Discuss the different methods of marketing securities.

SECTION - D

(1×15 = 15)

Compulsory

10. In 2007, India experienced rapid appreciation of its currency against the US dollar. The reasons for the appreciation of the rupee were a generally weak dollar in international currency markets and sharp increase in dollar inflows into the country, partly due to India's increasing attractiveness to foreign investors. Although India had been seeing a steady rise in dollar inflows into the country for quite some time, on earlier occasions, the Reserve Bank of India (RBI) had intervened in the foreign currency market and purchased excess dollars so as to prevent any appreciation in the value of the rupee. Now, the RBI decided not to intervene, mainly to control inflation which was around 6 percent in early 2007. The market situation is reverse now and the Indian rupee has continued its free fall against the dollar, ever since it broke the Rs. 45 to the dollar barrier. Now it is ready to breach the 54 mark. It has plunged nearly 20% in its value versus the dollar in a matter of 3-4 months period. Indian rupee is also supposed to be the worst performing Asian currency against the dollar, the international currency of trade.

Questions :

- a) Bring out the reasons for the appreciation and depreciation of the rupee and its possible impact on the Indian economy.
- b) Critically analyse the role of the central bank in the foreign exchange market.
- c) Examine the possible future movement of the rupee vis-a-vis the US dollar.