



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 : (6x2=12)

- What is an IPO ?
- What do you mean by "Cover short option" ?
- What is MMMF ?
- Distinguish between factoring and forfaiting.
- What is venture capital ?
- What is a commercial paper ?
- What is a insider trading ?
- What do you mean by securitisation ?

SECTION – B

Answer any three questions. Each question carries 8 marks. (3x8=24)

- Discuss briefly the structure of Indian Financial System.
- Explain the important functions of SEBI.
- Explain the role played by Merchant Bankers in India in connection with New Issue Management.
- Explain briefly the money market instruments which are popular in India.
- Explain the methodology adopted by credit rating agencies for security rating.



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

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

F-3 : 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. (6x2=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 demutualisation ?
- 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. (3x8=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 forfaiting.
5. Explain the reactions in the asset securitisation process.
6. Describe the various types of instruments in Indian capital market.

R.T.O.

SECTION - C

Answer any two questions. Each question carries 12 marks.

(2x12=24)

- A. Discuss in detail the different techniques of Monetary Policy.
- B. Explain the various functions performed by Merchant Bankers.
- C. 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. 8 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 20% on written down value and the company's tax rate is 50%. The company approached a MFC for a five year lease for financing the asset which quoted a rate of Rs. 20 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 18%.

	0	1	2	3	4	5
PV @ 12%	1.000	0.893	0.797	0.712	0.636	0.567
PV @ 18%	1.000	0.847	0.718	0.607	0.516	0.437

Answer:

1. Initial investment cost of the machine = Rs. 10 lakhs

2. Annual cash inflows before depreciation and tax = Rs. 8 lakhs

3. Annual depreciation = $10 \times 20\% = Rs. 2$ lakhs

4. Annual cash inflows after depreciation = $8 - 2 = Rs. 6$ lakhs

5. Annual cash inflows after tax = $6 \times (1 - 50\%) = Rs. 3$ lakhs

6. PV

7. PV

**III Semester M.B.A. (Day) Examination, January 2013
 (2007 – 08 Scheme)
 MANAGEMENT
 P – II : Financial Markets and Intermediaries**

Time: 3 Hours

Max. Marks: 75

SECTION – A

1. Answer any six of the following. Each one carries 2 marks. (6x2=12)

- a) Define Monetary policy.
- b) What is subsidiary income?
- c) What are the limitations of co-operative banks?
- d) What is Margin trading?
- e) What is private placement?
- f) What is operating lease?
- g) What is Debt syndication?
- h) What is Treasury bill?

SECTION - B

Answer any three of the following questions. Each question carries 8 marks. (3x8=24)

- 2. "Commercial banks are special among the intermediaries for the development of the economy". Justify.
- 3. Explain the structure of insurance industry in India.
- 4. What are the advantages and limitations of investment through mutual funds?
- 5. Discuss about the different types of NREFC's and their main activities.
- 6. Describe the various corporate advisory services of Merchant bankers.

SECTION - C

Answer any two of the following questions. Each question carries 10 marks. (2×10=20)

7. Discuss the book building process for initial public offerings.
8. Evaluate the functions and structure of financial markets in India.
9. Explain the measures of financing. How does it affect firm financing?

SECTION - D

III. Case Study

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Atta Ltd. is thinking of installing a computer. Decide whether the computer is to be purchased outright through 15 % borrowing or to be acquired on lease rental basis. The rate of income tax may be taken at 40%. The other data available are as under:

Purchase of a computer :

Purchase price : Rs. 20,00,000

Annual maintenance (to be paid in advance) : Rs. 50,000 per year

Expected economic life : 6 years

Depreciation (for tax purposes) : 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 lessee.

**III Semester M.B.A. (Day) Examination, February/March 2014
(2007-08 Scheme)
MANAGEMENT
F-2 : Financial Markets and Intermediaries**

Time : 3 Hours

Max. Marks : 75

- Instructions : 1) Answer all Sections.
2) Marks are indicated against each Section.

SECTION – A

1. Answer any six of the following sub-questions. Each sub-question carries two marks. (6x2=12)
- a) Define a Financial System.
 - b) What do you understand by Universal Banking ?
 - c) What is Fortification ?
 - d) What is meant by Private Placement ?
 - e) What is Commercial Paper ?
 - f) Define Venture Capital.
 - g) State the objectives of Monetary Policy.
 - h) What is a Credit Rating ?

SECTION – B

Answer any three of the following questions. Each question carries eight marks. (3x8=24)

- 2. What are the different markets to be found in the financial system and state their functions ?
- 3. Explain the role played by financial system in the economic development of a country.
- 4. Analyse the different types of mutual funds and give examples.
- 5. Write a note on the money market instruments.
- 6. Discuss in brief the different methods of marketing in a new issues market.

P.T.O.



SECTION - C

Answer any two of the following questions. Each question carries 12 marks.

(2×12=24)

7. What is a Merchant Banker? State the general obligations and responsibilities of a merchant banker.
8. Discuss the different categories of derivatives available for trading in a financial market.
9. Write a short note on:
 - a) Reserve Bank of India
 - b) Custodian and depository services.

SECTION - D

(Compulsory)

10. Case study.

(1×15=15)

ABC Ltd. is considering a proposal to acquire an equipment costing Rs. 5,00,000. The expected effective life of the equipment is 5 years. The company has two options either to acquire it by obtaining a loan of Rs. 5 lakhs at 12% interest p.a. or by lease. The following additional information are available:

- (i) the principal amount of loan will be repaid in 5 equal yearly instalments.
- (ii) the full cost of the equipment will be written off over a period of 5 years on straight line basis and it is to be assumed that each depreciation charge will be allowed for tax purpose.
- (iii) the effective tax rate for the company is 40% and the after tax cost of capital is 10%.
- (iv) the interest charge, repayment of principal and the lease rentals are to be paid on the last day of each year.

You are required to work out the amount of lease rental to be paid annually, which will match the loan option. The discount factor at 10% are as follows:

Year	1	2	3	4	5
Discount factor	0.909	0.826	0.751	0.683	0.621

III Semester MBA Degree Examination, February 2017
(2007 - Onwards)
Management

Paper - F-2 : FINANCIAL MARKETS AND INTERMEDIARIES

Time: 3 hours

Total Marks : 75

Answer all Questions - Answer all Questions

SECTION - A

Answer any six questions. Each question carries 2 marks.

(6 x 2 = 12)

- 1. (a) What do you mean by omnibus financial system?
 (b) What is retail banking?
- 2. (a) What is the role of working capital finance?
 (b) Define venture capital.
- 3. (a) What is the main function of a bank?
 (b) What are the objectives of a mutual fund?
- 4. (a) What is Depository Receipt?
 (b) Define co-ops.

SECTION - B

Answer any three questions. Each question carries 8 marks.

(3 x 8 = 24)

- 1. Discuss the relationship between money market and capital market.
- 2. Discuss the changing trend in the Indian insurance sector.
- 3. Give an account of internal and external financing.
- 4. Explain the need for securitization of financial assets.
- 5. Discuss the objective and functional utility of PFI.

SECTION - C

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

- a. Discuss the transformation used in IS-LM model of economy.
- b. Explain the various services provided by RBI under 100:90W.
- c. Discuss the different methods of marketing securities.

SECTION - D

(1x10 = 10)

Compulsory

10. In 2007, India experienced rapid appreciation of her domestic rupee from Rs. 45 per US dollar. The appreciation of the rupee was a good thing for the international currency markets and it was indeed a definite boon for the country, particularly in relation to making investments abroad. Although the rupee had been sold at a steep discount (100:90) into the country long ago sometimes, or earlier occasions, the Reserve Bank in the US had intervened in the foreign exchange market and purchased around 200 billion US dollars worth of rupees. Based on the RBI's intervention in the foreign exchange market, the rupee appreciated to around 60:100. The rupee's appreciation was over 30% in the last 6 months of July 2007. The rupee's appreciation over 30% in the last 6 months of July 2007 has led to a fall in the value of the rupee against the US dollar. Now it is time to look at the rupee's value against the US dollar. How do you think the rupee's value against the US dollar will change in the next 6 months? Justify your answer. (10 marks)

Questions:

- a) Bring out the reasons for the appreciation and depreciation of the rupee against the possible impact on the Indian economy.
- b) Explain the role of the RBI in the foreign exchange market.
- c) Explain the possible future movement of the rupee against the US dollar.