



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



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



PG – 692

III Semester M.B.A. (Day) Examination, January 2013
(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 one carries 2 marks. (6x2=12)
- Define Monetary policy.
 - What is rudimentary finance ?
 - What are the limitations of co-operative banks ?
 - What is Margin trading ?
 - What is private placement ?
 - What is operating lease ?
 - What is Debt syndication ?
 - What is Treasury bill ?

SECTION – B

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

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

P.T.O.



SECTION - C

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

7. Discuss the book building process for initial public offerings.
8. Elucidate the functions and structure of financial markets in India.
9. Explain the mechanism of factoring. How does it differ from forfeiting?

SECTION - D

10. Case study.

15

Alfa 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 purpose) : 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 lessor.



PG – 819

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. (6×2=12)
- Define a Financial System.
 - What do you understand by Universal Banking ?
 - What is Rematerialisation ?
 - What is meant by Private Placement ?
 - What is Commercial Paper ?
 - Define Venture Capital.
 - State the objectives of Monetary Policy.
 - What is a Credit Rating ?

SECTION – B

- Answer **any three** of the following questions. **Each** question carries **eight** marks. (3×8=24)
- What are the different markets to be found in the financial system and state their functions ?
 - Explain the role played by financial system in the economic development of a country.
 - Analyse the different types of mutual funds and give examples.
 - Write a note on the money market instruments.
 - 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. Who 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 such 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



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.