

## MBA III Semester Supplementary Examinations September/October 2022

**FINANCIAL INSTITUTIONS & SERVICES**

(Common to B&amp;FS and MBA)

(For students admitted in 2018, 2019 &amp; 2020 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

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**SECTION – A**

(Answer the following: 05 X 10 = 50 Marks)

- 1 (a) Explain the structure of Indian financial system in the form of a chart. 5M  
 (b) Describe the various elements of financial system and their role in economic development. 5M
- OR
- 2 (a) Discuss the role and functions of RBI. 5M  
 (b) Write about regulatory and promotional institutions. 5M
- 3 (a) Write a comparative performance analysis of public and private sector banks. 5M  
 (b) Write about banking structure in India. 5M
- OR
- 4 (a) Define mutual funds. Explain different types and advantages of mutual funds. 5M  
 (b) How does AMFI helps in the smooth functioning and growth of mutual funds sector? 5M
- 5 (a) Write structure and functions of money market. 5M  
 (b) Explain the functions and powers of the securities and exchange board of India. 5M
- OR
- 6 (a) Write short notes on: (i) Call money market. (ii) Commercial paper. (iii) Government securities. 5M  
 (b) Explain the term primary market. How does it differ from the secondary market? Are they connected to each other? 5M
- 7 (a) What is lease? Explain the structure of leasing industry in India. 5M  
 (b) Define Hire purchase agreement. Discuss various types and features of Hire purchase. 5M
- OR
- 8 (a) What is the meaning of factoring? Explain various types and advantages of factoring. 5M  
 (b) What is venture capital? Discuss its vision and aims. 5M
- 9 (a) Define stock broking. How is stock broking done? What does stock broking involve? 5M  
 (b) Discuss the nature and significance of credit rating services. 5M
- OR
- 10 (a) Explain the main activities involved in merchant banking and portfolio services. 5M  
 (b) What is a depository? Discuss the functions of the depository. 5M

**SECTION – B**

(Compulsory question, 01 X 10 = 10 Marks)

- 11 **Case Study/Problem:** 10M
- You can purchase a machine for Rs.5 Lakhs by putting 25% down payment and paying off the balance with 10% interest in four annual installments of Rs.1,18,300. The machine has a scrap value of Rs.25,000 after 8 years. The alternative is to take the same machine on an Annual Lease of Rs.85,000 payable at the start of each year. Post tax cost of capital 6% tax rate 40%. What is the optimal decision Lease or Buy?

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Code: 17E00308

MBA III Semester Regular Examinations April/May 2022

**FINANCIAL INSTITUTIONS & SERVICES**

(Common to B&FS and MBA)

(For students admitted in 2020 only)

Max. Marks: 60

Time: 3 hours

All questions carry equal marks

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**SECTION – A**

(Answer the following: 05 X 10 = 50 Marks)

- 1 (a) Write about financial system and economic development. 5M  
(b) Discuss monetary policy and techniques of RBI. 5M
- OR**
- 2 (a) Trace out the development of the financial system in India. 5M  
(b) "In spite of suitable legislative measures, the Indian financial system remain weak"- 5M  
Comment.
- 3 (a) Define bank. What are the types of banks? Explain role played by the commercial banks in 5M  
the economy.  
(b) Discuss the recent innovations in banking in India. 5M
- OR**
- 4 (a) What is insurance? Why insurance? What are the categories of insurance? 5M  
(b) Discuss the role of IRDA in the regulation and development of the insurance sector. 5M
- 5 (a) Discuss the importance of a commercial bill market. 5M  
(b) Discuss organization and structure of securities markets. 5M
- OR**
- 6 (a) Write a short note on: (i) T-Bill market. (ii) Certificate of deposits. (iii) Trading and settlement 5M  
of securities.  
(b) How does SEBI protect the interest of investors? Explain. 5M
- 7 (a) Explain the concept of leasing. Differentiate between finance lease and operating lease. 5M  
(b) Is there any difference between hire-purchase and actual credit sales? Discuss the 5M  
difference between hire purchase and leasing.
- OR**
- 8 (a) State the features of venture capital and explain the various stages of venture capital 5M  
financing.  
(b) Discuss recent developments in housing finance and explain different housing schemes 5M  
offered by the HFCs.
- 9 (a) What is stock broking? Who is stock broker? Discuss code of conduct for stock broker. 5M  
(b) Discuss Merchant bank main functions and other functions. 5M
- OR**
- 10 (a) Discuss the advantages and draw backs of the depository system. 5M  
(b) Elucidate challenges faced by investment bankers. 5M

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**SECTION – B**

(Compulsory question, 01 X 10 = 10 Marks)

**11 Case Study/Problem:**

Alcoa Corporation is trying to decide whether it should purchase or lease a new 10M heavy-duty GMC truck. The truck can be purchased for Rs.20 lakhs including delivery. Alternatively, the truck can be leased from General Motors Acceptance Corporation for a 6-year period at a beginning of the year lease payment of Rs.4 Lakhs. If purchased, Alcoa could borrow the needed funds from SBI at an annual interest rate of 10 percent. If the truck is purchased, Alcoa estimates that it will incur Rs.30,000 per year of expenses to cover insurance and a maintenance contract. These expenses would not be incurred if the truck is leased. The truck will be depreciated at 20% p.a. Alcoa expects the actual salvage value to be Rs.4 Lakhs at the end of six years. Alcoa's marginal tax rate is 40 percent and its weighted after-tax cost capital is 15 percent. Which alternative-leasing or buying-should be chosen?

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Dr. K. Srinidhi Reddy School of Business Management

Code: 21E00304a

MBA III Semester Regular & Supplementary Examinations November/December 2024

**FINANCIAL INSTITUTIONS AND SERVICES**

(Master of Business Administration)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks  
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**SECTION – A**

(Answer the following: 05 X 10 = 50 Marks)

- 1 (a) List out the functions of RBI. 5M  
(b) Describe the role of financial system in the economic development of a nation. 5M  
**OR**
- 2 (a) Define monetary policy. How is it regulated by RBI? 5M  
(b) What are the regulatory and promotional institutions for financial system? 5M  
**OR**
- 3 (a) Explain the role of IRDAI in regulating insurance sector in India. 5M  
(b) Discuss the changing role of commercial banks in India. 5M  
**OR**
- 4 (a) Give a brief note on objectives and functions of IFCI. 5M  
(b) Describe the promotional activities of IDBI. 5M  
**OR**
- 5 (a) Write a short note on:  
(i) Call money Market, (ii) T- Bills Market. 5M  
(b) Explain the role of SEBI in regulating Primary Markets. 5M  
**OR**
- 6 (a) Define stock market Index. Describe major stock market indices used in India. 5M  
(b) What are the basic functions of stock exchange? 5M  
**OR**
- 7 (a) What are factoring services? Explain different factoring services. 5M  
(b) Explain the mechanism of factoring. 5M  
**OR**
- 8 (a) What are hands-on-approach in venture capital? 5M  
(b) Describe the tax treatment of HFCs in India. 5M  
**OR**
- 9 (a) Discuss the rating process followed by credit rating firms. 5M  
(b) List out the functions of merchant banker. 5M  
**OR**
- 10 (a) Explain the challenges faced by investment bankers. 5M  
(b) Describe the significance of stock broking services. 5M

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Code: 21E00304a

**SECTION – B**

(Compulsory question, 01 X 10 = 10 Marks)

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**Case Study/Problem:**

A company is considering the following proposals. Cost of the Asset Rs.40 lakhs, life time 10 years with no scrap value.

**Proposal I:** Taking the Asset on lease. Lease payments are to be made in advance. Rate of return is 10 percent. The asset to be completely amortized.

**Proposal II:** Taking a loan and buying the Asset. Cost of debt is 16 percent. The loan has to be paid in 20 equal instalments. Income tax rate is 35 percent. Straight line method of depreciation is followed:

**Question:**

(i) As a financial consultant, what advise will you suggest.

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10M

Code: 21E00304a

MBA III Semester Supplementary Examinations May 2024  
**FINANCIAL INSTITUTIONS AND SERVICES**  
(Master of Business Administration)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks  
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**SECTION – A**

(Answer the following: 05 X 10 = 50 Marks)

- 1 (a) What are the main features of Indian financial system? List out the types of financial systems in India. 5M  
(b) Discuss the role of financial services in economic development in India. 5M  
**OR**
- 2 (a) What are development financial institutions in India? Examine the role of financial institutions in India? 5M  
(b) What are the qualitative and quantitative monetary measures of RBI? How does RBI stabilise money supply against exogenous shocks? 5M
- 3 (a) Briefly explain the types of non-banking financial institutions in India. 5M  
(b) In what way is an NBFC better than a bank? Give appropriate examples to support your answer. 5M  
**OR**
- 4 (a) What is AMFI? List out its objectives. What are various committees available under AFMI? 5M  
(b) Distinguish between public sector and private sector banks with appropriate examples. 5M
- 5 (a) What is call money market in India? Write its features, benefits and disadvantages. 5M  
(b) What are the objectives and functions of IRDA? Analyse the role of IRDA in India. 5M  
**OR**
- 6 (a) Describe the structure of cooperative bank with the help of a neat diagram or flow chart. 5M  
(b) Write unique features, benefits and limitations of cooperative banks. 5M
- 7 (a) Define factoring. Is factoring a good investment? How does it work? 5M  
(b) Explain different types of leasing. What are main clauses in a lease agreement? 5M  
**OR**
- 8 (a) Differentiate between Operating Lease and Finance Lease. Why is sale and lease back prepared and when? 5M  
(b) Explain different methods of venture capital financing. 5M
- 9 (a) List out the functions of a merchant bank. Distinguish between merchant bank and investment bank. 5M  
(b) What are the constituents of depository system? Describe the services provided by depository. 5M  
**OR**
- 10 (a) What are the types of portfolio management services? Describe portfolio management process. 5M  
(b) Write overview of current state of investment banking in India? Suggest measures to overcome ethical issues of investment banking. 5M

Code: 21E00304a

**SECTION – B**

(Compulsory question, 01 X 10 = 10 Marks)

10M

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**Case Study/Problem:**

Aegon Life Insurance Company (formerly known as Aegon Religare Life Insurance Company) is an Indian life insurance company, founded in 2008 with headquarters in Mumbai, India, offering individual and group insurance online and offline. It is a joint venture between Dutch Aegon N.V., a multinational insurance, pensions and asset management company, and The Times Group (also called Bennett Coleman & Co. Ltd), one of India's largest media conglomerates. Aegon Life Insurance's distribution channels include banks, individual agents, brokers, and corporate agents, bancassurance partners, among others. The company offers term insurance plans, savings and investment plans, child plans, and unit-linked insurance plans (ULIPs). In May 2018, the company launched the 'iTerm' plan, which offers insurance cover up to 100 years. It launched a new version of its 'iTerm' Insurance Plan in November 2019 that provides regular monthly income after the age of 60. Further, it is looking for newer ways to expand their customer base and provide financial security to households. However, the challenge of detecting fraud is ever-present and can be a major roadblock to growth. The company realized that the traditional approach of manual underwriting was not feasible for their vision of providing insurance to self-employed individuals. Hence they needed algorithms that would take over from manual underwriters. Moving forward, the company is looking to enhance its facial analytics technology and explore the use of generative algorithms.

**Questions:**

- (i) Identify the biggest issues in insurance industry in general and Aegon Life Insurance Company in particular, Suggest strategies to overcome them.  
(ii) How can insurance companies predict the probability of a customer having fraudulent intent?