

(Following Paper ID and Roll No. to be filled in your Answer Book)

Paper ID :270306

Roll No.

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MBA

(SEM. III) THEORY EXAMINATION, 2015-16

MANAGEMENT OF FINANCIAL INSTITUTIONS
& SERVICES

[Time:3 hours]

[MaximumMarks:100]

Note: The Question Paper contain three Sections.

Section-A

1. Attemp **all** question of the following: (2×10=20)
 - (a) What do you understand by the term Asset Liability Management?
 - (b) Briefly explain the term financial services.
 - (c) "Insurance is a method of risk transfer" Comment
 - (d) "Plastic Money has brought a lot of ease in the lives of People" Comment.
 - (e) Highlight any two differences between Leasing and Hire Purchase.

- (f) Briefly explain the terms Repo rate and PLR.
- (g) "Public deposits are short term Substitutes for money" Do you agree?
- (h) "Rising NPAs is a cause of concern for commercial banks". Comment
- (i) "Mutual fund investments are great investment alternatives for small investors". Comment
- (j) Explain the key functions of a merchant banker.

Section-B

Attempt any **five** of the following. 10×5=50

2. FDI Plays a huge role in economic development of a country. Briefly discuss the concept of FDI and its advantages.
3. RBI uses a number of Monetary Policy tools for controlling the money supply in an economy" Briefly discuss the various monetary policy tools and their impact on money supply.
4. What could be the possible techniques that can be used by commercial banks for the management of non-performing assets?
5. What do you understand by securitization. Discuss its process and the benefits it renders to banks?

6. "India financial system is an interplay of a number of constituents" In light of the given statement discuss the various components of a financial system.
7. Write a note on GIC and LIC. Briefly discuss the various types of Insurance.
8. Analyze the investment pattern of UTI as well as whole public and private sector mutual funds.
9. What are NBFCs? Explain the functioning of NBFCs. Comment on the structure and growth of NBFCs during last five years in India.

Section -C

10. Analyze the case and answer any two of the question given below: (15x2=30)

Case Study:- the Golden Share

Towards the end of 2005 the finance minister, Mr. P. Chidambaram remarked that India public sector banks need to raise about Rs. 60000 crore in equity capital in the next five year to ensure that they have adequate capital to finance the growth in the Indian economy. This however seems difficult to achieve given that the government stake in most public sector banks is approaching the level of 15% beyond which any dilution of government stake is not possible.

A number of options have been discussed by the RBI and the finance ministry to ease the situation. One of these was the option of allotting a golden share to the government. This would enable the government to maintain its 51% share while allowing the bank to raise additional capital. This would however require an amendment to the Banking Companies Act 1969.

Another option being discussed was allowing the real estate holding of these banks to be counted as capital. The RBI has already allowed banks to raise capital through hybrid instruments like non-cumulative preference shares, redeemable cumulative preference shares and others in order to ease the pressure on their capital.

- (a) What are the compulsions on the government to maintain a 51% stake in the public sector banks?
- (b) what can banks do apart from issuing equity to maintain capital adequacy?
- (c) Weigh the pros and cons of both the options mentioned in the case.

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