

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER (3) – EXAMINATION – SUMMER 2018

Subject Code: 2830202

Date: 04/05/2018

Subject Name: Management of Financial Services (MFS)

Time: 2.30 PM-5:30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q1 (a) Question Text and Option.

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1. _____ is act as an intermediary to link up the sources of ideas and sources of funds.
A. Venture capital. B. Merchant Banking.
C. Leasing. D. None of these.
2. _____ is the regulatory authority of Mutual fund business in India.
A. NSDL. B. IRDA.
C. SEBI. D. NABARD.
3. Banking reforms aim at _____.
A. Restoring financial health of the banks. B. Increasing profitability.
C. Rationalizing banking presence. D. All.
4. Identify odd one.
A. CRISIL. B. ICRA.
C. ICICI. D. CARE.
5. NBFC Stands for
A. Non banking financial corporation. B. Non banking finance companies.
C. Non bulk finance companies. D. None of these.
6. Which of the following are not fee-based financial services?
A. Corporate counseling. B. Lease financing.
C. Profit Management. D. Issue management.

Q.1	(b)	1. Define letter of credit 2. Define promissory note 3. Define securitization 4. Define Repo rate and CRR	04
Q.1	(c)	Briefly explain the major functions of Reserve bank of India.	04
Q.2	(a)	What are various components of Financial System? Do you think there is a close relationship between Financial System and Economic Growth? Discuss.	07
	(b)	Define capital market & Money Market in brief? Discuss properly various instruments of capital & Money market.	07
OR			
	(b)	“Monetary policy is the management of money supply and interest rates by central banks to control prices.” Justify the statement by discussing the tools and techniques of monetary policy.	07
Q.3	(a)	State and explain various types of mutual fund schemes with their innovative features & benefits of Investing in a Mutual Fund.	07
	(b)	How Merchant banking is different from Investment Banking? What are the different services offered by merchant bankers?	07
OR			
Q.3	(a)	What do you understand by ‘Leasing’? State its advantages and disadvantages to a corporate which wants this funding option.	07
	(b)	What do you understand by ‘Factoring’? Draw a flowchart of factoring transaction and explain the benefits along with suitable example.	07
Q.4	(a)	Explain Credit Rating, its benefits to investors, company and other stakeholders.	07
	(b)	Discuss the concept of bill discounting & bills financing giving its Examples, advantages and limitations.	07
OR			
Q.4	(a)	What is Book-building? Explain briefly the process of issue of shares through book-building method.	07
	(b)	What is Venture Capital? State the various factors considered by Venture Capitalists while evaluating a proposal.	07

Q.5

India faced a steep inflationary pressure right from the beginning of the year 2008. In May 2008, inflation touched double digit figures and continued to move in an upward direction. The inflation was feared to choke the steady growth of the Indian economy. The Indian government took several steps to combat inflation. Recently, the Reserve Bank, the central bank of India, also took action to tame the inflation as soon as it reached a thirteen year high, crossing 12.5%. RBI increased the repo rate and cash reserve ratio to indicate a tight monetary policy to be implemented. The central bank was able to withdraw a substantial amount of money through the tight monetary policy. However, this raised pain and anger among the industrialists and businessmen in India. Some feared, that the policy would hamper business environment and affect the price sensitive sectors like manufacturing, automobiles and real estate etc. On the other hand, some economists argued that RBI's step was appropriate and quite expected. Those who are in favor of the policy believed that tight monetary policy would be an obstacle to economic growth in the short run, but would improve the growth prospects of the economy in the long-run.

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A. Explain the impact of strict monetary policy on different sectors.

B. Critically evaluate the case and give your opinion about the same.

OR

Q. 5

The Bombay Stock Exchange (BSE), which is the largest stock exchange in Asia, witnessed a profound transformation in its business operations. From being a regional stock exchange, it has emerged as one of the important institutions for transferring savings into investments, in the country. Between 1990 and 2003, BSE witnessed a series of stock market scams, which involved more than 5,000 rupee crores of investors' money. BSE faced criticism from industry experts, analysts, policy makers and politicians for being non-transparent, unregulated and taking inadequate measures for investors' protection. To overcome these challenges, BSE launched a series of measures in the late 1990s and with the advent of reforms; BSE witnessed notable developments in many areas such as: (1) trading; (2) operations; (3) management; and (4) addressing investors' grievances. The Government of India also took steps to corporatize the stock exchange, thereby separating trading, ownership and management. Finally, on the August 9th 2005, BSE created history by converting itself into a corporate entity, thereby forming BSE Limited.

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A. Explain the issue of failure of corporate governance at Asia's biggest stock exchange.

B. Explain the role of SEBI to strengthen the BSE to prevent the stock market scam.