

Code: 17E00308

MBA III Semester Regular Examinations November/December 2018

FINANCIAL INSTITUTIONS & SERVICES

(For students admitted in 2017 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

SECTION – A

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

1 What is financial system? Discuss the functions and role of financial system in economic development.

OR

2 Discuss the monetary policy and techniques of RBI in India.

3 Give a brief note on objectives, functions and promotional activities of ICICI and Cooperative Banks in India.

OR

4 What is mutual fund? Discuss the role and growth an Indian mutual funds and its regulation.

5 What is money market? Discuss the structure and types of money market.

OR

6 Critically evaluate the role and functions of SEBI in regulation of capital market in India.

7 What is housing financing? Discuss the functions, process and advantages of Housing financing.

OR

8 Differentiate between leasing and hire purchase and list out the limitations of lease finance.

9 What is Merchant Banking? Explain the role, functions and advantages of merchant banking.

OR

10 List out various credit rating agencies in India and also brief about steps in credit rating process in India.

PART – B

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case study:**

Girish Chandra Srivastava and KewalKrishan Mehta had been class fellows during their engineering college years. They both belonged to chhatisgarh region of India. They had started steel mills way back in 1958. Girish came from a poor family and had to struggle for every rupee to set up the unit. He started with a second-hand plant, because he could not afford anything better. But over the years, he continued to update his machinery. KewalKrishan, on the other hand, set up an ultra-modern factory. The plant and machinery was the latest and many industrialists came to him, merely to see the unit, and to learn. It is to the credit of the two class fellows that they did not let their friendship be affected because of these differences. Actually, KewalKrishan had sought the advice of Girish on many technical issues, since Girish was a bookworm and knowledgeable about the latest technological innovations.

Contd. in page 2

Time went by and 32 years later, Ravi Srivastava and Anil Mehta moved in on the retirement of their fathers. Anil was a qualified finance manager (MBA Finance). Ravi had learnt the tricks of the trade while growing up in his father's factory. However, during the four decades, the status of the two plants had reversed. The factory of the Srivastava was technological improvements in all these intervening decades. Hence, the fixed costs at Srivastava's plant were high, but those of Mehta's factory were low. The reverse was the case for variable costs, due to better productivity of srivastava's modern machinery. Refer to the data given below for similar annual sales of Rs. 40 lakh.

| Item | Srivastava | Mehta |
|----------------|-------------|-------------|
| Variable costs | Rs. 3200000 | Rs. 2800000 |
| Fixed costs | Rs. 400000 | Rs. 800000 |
| Total cost | Rs. 3600000 | Rs. 3600000 |
| Net profit | Rs. 400000 | Rs. 400000 |

Profit in both the cases was equal, 10% of the sales. There was a sudden boom in the industrial and construction activity due to liberalization of the economy by the government. Demand for steel increased and Srivastava factory had to switch to two-shift operations. Mehta followed suit. In the next two years, turnover of Rs. 7900000 and Rs. 8100000 respectively, were achieved by both the competitors. However, good times do not last forever and recession soon spread in the industry. It affected the steel industry too. The turnover slumped to Rs. 3000000 in the third year.

- (a) Anil Mehta sat down to calculate his profits as well as those of Ravi Srivastava during these three years. Help him and offer your comments about the results.
