

Register No.: ..... Name.: .....

## SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

### THIRD SEMESTER MBA DEGREE EXAMINATION (Regular), FEBRUARY 2022 (2020 Scheme)

Course Code : 20MBA231

Course Name: Financial Markets and Services

Max. Marks : 60

Duration: 3 Hours

*Scientific calculators are permitted however programmable calculators are not permitted for this examination*

*Annuity Tables will be provided for this examination*

#### PART A

*(Answer all questions. Each question carries 2 marks)*

1. Define NBFC
2. What is ASBA
3. Define P2P Lending
4. Outline any two activities of the Depository
5. What is PFRDA

#### PART B

*(Answer any 3 questions. Each question carries 10 marks)*

6. Examine the functions of the Indian financial system
7. Determine the deficiencies of Indian Money Market and evaluate the recent developments that are directed at transforming the market to remove these deficiencies
8. Identify the parties involved in the securitization process and explain the stages in the securitization process
9. Assess the scope of Merchant Banking in India
10. Given the following data, rank the funds using (i) Sharpe Ratio (ii) Treynor Measure.

Fund	Average Annual Return (%)	Standard Deviation (%)	Covariance with Market
A	22	15	112.5
B	19	22	77
C	12	7	63
Market	12	10	

The risk-free rate of return is 8%

If the funds are ranked differently by the two measures of performance, explain the reason for the same.

## PART C

*(Compulsory question, the question carries 20 marks)*

11. Answer Both Sections

- a) Challenger Industries is having a plan to expand its business. This envisages an investment in procuring new equipment that would cost Rs. 45 crores. The equipment is expected to have a useful life of five years and will have zero salvage value. The company follows a straight-line method of depreciation. The company has two options to acquire this equipment.

Option 1: The company can buy the equipment that will be fully financed using a term loan from its bank. The loan component carries a simple interest rate of 9% and is repayable in five equal instalments.

Option 2: The company has received an offer from a leasing company for a primary lease period of 5 years. The annual lease rentals of Rs. 375/Rs.1000 is payable in arrears annually.

If the corporate tax rate is 30%, which alternative is better, purchase option or lease option of the equipment.

Marks (12)

- b) Explain the importance of insurance. What are the major types of insurance.

Marks (8)

\*\*\*\*\*