

Register No.: Name.:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

THIRD SEMESTER MBA DEGREE EXAMINATION (S), MAY 2022

(2020 Scheme)

Course Code: 20MBA231**Course Name: Financial Markets and Services****Max. Marks: 60****Duration: 3 Hours****PART A***(Answer all questions. Each question carries 2 marks)*

1. List any three regulatory reforms in financial markets by SEBI or RBI in India.
2. Name four functions of money market.
3. What is Bulk-Factoring?
4. Who is a depository participant?
5. Define E-Money.

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

6. Explain the structure of Indian financial system and Institutions.
7. Outline the the various money market instruments and list their features.
8. What are the factors that contributed to growth if Indian leasing? Explain the functions of the various parties involved in leasing operations.
9. What is merchant banking? Explain the categorization of merchant banks in India and elaborate on the services offered by them under the various categories.
10. Nirmal wants to invest in mutual funds and he has shortlisted 3 fund that meet his investment objectives. He wants to evaluate the performance of the fund using Sharpe and Treynor measures. You, as his financial planner, are sought out to help him rank the funds. The data for the three funds is as below

Fund	Average Returns	Standard Deviation of the Returns	Beta
A	16	11	0.8
B	20	15	1.2
C	18	14	1
Risk Free Rate	8	-	-

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

- 11A. Sami was a single IT professional who approached you because he had inherited a large sum of capital from his mother when she passed away. Sami was adamant that he did not want to leave the capital as cash in a bank account that was providing a poor level of interest. He wanted it to be invested in a financial asset where he could invest his money with peace of mind and not very actively monitoring the portfolio. He has approached you for advice and you recommended him to park his money in mutual funds. He wants

to know more about mutual funds. Can you explain the various types of funds to Mr. Sami and the advantages and disadvantages of each?

Marks (8)

- 11B. Your company wants to procure a new machinery to take advantage of the production linked incentives announced by the government. The cost of acquiring the asset is Rs. 6 lakhs. The machinery can be productively put to use for a period of 5 years after which it has to be decommissioned and scraped for an amount of Rs. 1 lakh. As the finance manager of the firm, you are presented with two options

Option 1: You could lease the asset at a rate of Rs. 1,50,000 per annum. The lease rentals are to be paid at the end of each year.

Option 2: You could avail a loan of Rs. 6 Lakh at a simple interest of 16% per annum with the principle paid back in equal instalments and the loan coterminous with the life of the asset.

If the company follows a straight-line method of depreciation and if the tax rate is 25%, what would be your decision as the finance manager.

Marks (12)
