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**SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY:: PUTTUR  
(AUTONOMOUS)****MBA II Year I Semester Regular Examinations Nov/Dec 2019  
FINANCIAL MARKETS AND SERVICES**Time: **3 hours**Max. Marks: **60****SECTION – A**(Answer all Five Units **5 x 10 = 50** Marks)**UNIT-I**

- 1 What do you mean by financial system Discuss about Elements of financial system and economic development? **10M**

**OR**

- 2 What is monetary policy? Discuss the techniques of monetary control of RBI. **10M**

**UNIT-II**

- 3 “Commercial banks are special among the intermediaries for the development of the economy”. Justify. **10M**

**OR**

- 4 Explain in brief about growth and structure of mutual funds in India. **10M**

**UNIT-III**

- 5 Describe in detail the method of trading in a stock exchange. **10M**

**OR**

- 6 Discuss the Role and functions of SEBI. **10M**

**UNIT-IV**

- 7 Discuss briefly some of the innovative financial instruments introduced in recent times in the financial services sector. **10M**

**OR**

- 8 Distinguish between hire purchase and installment lease. **10M**

**UNIT-V**

- 9 Explain the working of various credit rating agencies in India. **10M**

**OR**

- 10 The scope of merchant banking is great in India. Discuss. **10M**

**SECTION – B**

(Compulsory Question)

**Case Study****1 x 10 = 10** Marks

11 NBT is thinking of installing a computer. It is to decide whether the computer should be acquired on lease, or be purchased through borrowings at a 12% rate of interest, payable at the end of each year. Principal is due for repayment after 10 years. The following data has been collected for the purpose.

**Purchase of computer**

Purchase Price	Rs.40,00,000
Annual maintenance	Rs.50,000 ( to be paid in advance every year)
Life of the computer	10 years
Depreciation	15% per annum on written down value basis
Salvage value	Rs.4,00,000

**Lease of computer**

Initial lease payment	Rs.4,00,000
Lease rent	Rs.7,00,000 (payable in advance every year for 10 years)

Maintenance Expenses to be borne by the lessor You are require to advice NBT as to whether it should purchase the computer, or acquire its services on lease basis, assuming it does not pay tax.

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