

SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY:: PUTTUR (AUTONOMOUS)

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**QUESTION BANK (DESCRIPTIVE)****Subject with Code: Financial Markets and Services (20MB9029)****Course: MBA****Year & Sem: II & I****Regulation: R20****UNIT –I****Introduction to Financial System.**

1	a. Discuss the Financial system in India.	[L3,CO1]	[5M]
	b. Explain the various types of financial markets in India.	[L2,CO1]	[5M]
2	a. Discuss the structure of Financial intermediaries in India.	[L3,CO1]	[5M]
	b. Explain the classification of Financial Markets in India.	[L2,CO1]	[5M]
3	a. What is capital Market? Explain the significance of capital market.	[L3,CO1]	[5M]
	b. Discuss the role of capital market on Indian Economy.	[L2,CO1]	[5M]
4	a. Distinguish between a Physical asset and a Financial asset	[L3,CO1]	[5M]
	b. What is money market? Explain the significance of Money Market.	[L2,CO1]	[5M]
5	a. Distinguish between Money market and Capital Market.	[L3,CO1]	[5M]
	b. Explain the Functions of Money market.	[L2,CO1]	[5M]
6	a. Discuss the various components of a money market and bring out their features.	[L3,CO1]	[5M]
	b. Explain the Significance of Indian Financial Services.	[L2,CO1]	[5M]
7	a. What is monetary policy? Discuss the techniques of monetary control of RBI.	[L3,CO1]	[5M]
	b. Discuss the role of Fiscal Policy in liquidity management of a nation.	[L2,CO1]	[5M]
8	a. Explain the tools of Macro Economic Policies.	[L3,CO1]	[5M]
	b. Explain the role of central bank in a nation.	[L2,CO1]	[5M]
9	Write short notes on the following a. Repo rate b. Bank Rate c. CRR d. SLR e. Reverse Repo rate	[L3,CO1]	[10M]
10	Discuss the following a. Primary market b. Secondary Market c. Credit Market. d. Monetary Policy e. Forex Market.	[L2,CO1]	[10M]

UNIT –II
The Banking and Non-Banking Institutions

1	a. what is the theoretical basis of banking operations in India.	[L3,CO2]	[5M]
	b. “Commercial banks are special among the intermediaries for the development of the economy.” Justify.	[L2,CO2]	[5M]
2	a. Describe the structure of Banking system in India.	[L3,CO2]	[5M]
	b. “Discuss the role of monetary policy to control liquidity in a nation”	[L3,CO2]	[5M]
3	a. What is liquidity risk and how it is managed?	[L2,CO2]	[5M]
	b. what is Retail Banking? What are the main of Retail Bank in India?	[L3,CO2]	[5M]
4	Discuss the following a. Deposit Multiplier b. Demand Deposit c. Time Deposit d. Over Draft e. SLR	[L3,CO2]	[10M]
5	a. What is mutual fund? Give an example.	[L2,CO2]	[5M]
	b. Discuss any two schemes that can be offered by a mutual fund.	[L3,CO2]	[5M]
6	a. Define mutual fund and describe the various schemes that can be offered by it.	[L3,CO2]	[5M]
	b. What is Net Asset Value? How is it computed?	[L2,CO2]	[5M]
7	a. Discuss any two schemes that can be offered by a Mutual Fund.	[L3,CO2]	[5M]
	b. Describe the structure of the Mutual Fund operations in India.	[L3,CO2]	[5M]
8	a. Explain the role of insurance sector in India.	[L2,CO2]	[5M]
	b. explain the structure of insurance sector in India.	[L3,CO2]	[5M]
9	a. Elucidate the Indian insurance industry and its regulations	[L3,CO2]	[5M]
	b. Briefly explain the different life insurance policies in India	[L2,CO2]	[5M]
10	a. Explain in brief about growth and structure of mutual funds in India.	[L3,CO2]	[5M]
	b. Why is the General insurance market smaller than the Life insurance market in India?	[L3,CO2]	[5M]

UNIT –III**Financial and Securities Market**

1	a. What do you mean by Public Issue?	[L3,CO3]	[5M]
	b. Distinguish between New issue market and Stock exchange.	[L2,CO3]	[5M]
2	a. what is origination?	[L3,CO3]	[5M]
	b. what are the advantages of Underwriting?	[L3,CO3]	[5M]
3	a. Write an essay on the functions of New Issue Market?	[L2,CO3]	[5M]
	b. Explain the various new instruments introduced in New issue market.	[L3,CO3]	[5M]
4	a. Explain the different types of Financial Markets in India.	[L3,CO3]	[5M]
	b. Describe the role of Regulatory bodies of financial Markets in India.	[L2,CO3]	[5M]
5	Write short notes on the following a. Book Building b. Insider Trading c. Buy back of shares d. Price – rigging e. Lock in Period	[L2,CO3]	[10M]
6	a. What is Trading? Explain the different types of trading.	[L3,CO3]	[5M]
	b. Describe the mechanism of Delivery settlement and Clearing settlement.	[L2,CO3]	[5M]
7	Write short notes on the following a. Bull b. Bear c. Lame Duck d. Stag e. Bonus Issue.	[L3,CO3]	[10M]
8	a. State the structure of Indian Money Market.	[L2,CO3]	[5M]
	b. What is call money market? Explain it briefly.	[L3,CO3]	[5M]
9	a. what are the merits of a Treasury Bill Market?	[L3,CO3]	[5M]
	b. What is Commercial paper?	[L2,CO3]	[5M]
10	a. what do you know about Certificate of Deposit?	[L3,CO3]	[5M]
	b. What is Commercial Bill? Explain it.	[L3,CO3]	[5M]

UNIT –IV
Fund Based Services

1	a. Discuss about Leasing.	[L3,CO4]	[5M]
	b. Discuss the advantages and disadvantages of Leasing.	[L2,CO4]	[5M]
2	a. Explain the different kinds of Leasing.	[L3,CO4]	[5M]
	b. Explain the structure of Leasing Industry in India.	[L3,CO4]	[5M]
3	a. What are the problems of Leasing in India.	[L2,CO4]	[5M]
	b. Write short notes on 'Sale and Lease Back'.	[L3,CO4]	[5M]
4	a. Distinguish between Financial Lease and Operating Lease.	[L3,CO4]	[5M]
	b. Explain the features of Hire Purchase.	[L3,CO4]	[5M]
5	a. Distinguish between Hire purchase and Lease.	[L2,CO4]	[5M]
	b. Distinguish between Hire purchase and installment sale.	[L3,CO4]	[5M]
6	a. What is venture capital? Explain the various stages of venture capital financing.	[L3,CO4]	[5M]
	b. Discuss the scope of venture capital in India	[L2,CO4]	[5M]
7	a. What is Factoring? Discuss its modus operandi.	[L3,CO4]	[5M]
	b. Distinguish between discounting and factoring.	[L4CO4]	[5M]
8	a. What is securitization? Discuss briefly the main features of securitization.	[L2,CO4]	[5M]
	b. Illustrate the importance of housing finance.	[L3,CO4]	[5M]
9	a. what is the Strategic role of venture capital in the development of a country.	[L3,CO4]	[5M]
	b. State the features of Venture Capital.	[L2,CO4]	[5M]
10	a. Define mortgage - based securitization.	[L3,CO4]	[5M]
	b. Explain the significance of Housing Finance.	[L3,CO4]	[5M]

UNIT –V**Fee Based Services.**

1	a. What do you mean by Financial Services?	[L3,CO5]	[5M]
	b. Discuss the various fee based services offered by financial services.	[L2,CO5]	[5M]
2	a. What is Portfolio Management ?	[L3,CO5]	[5M]
	b. Explain the role of Merchant banker in Financial Services.	[L3,CO5]	[5M]
3	Write short notes on the following a. Commercial Bank b. Merchant Bank c. Retail Banking d. Investment Banking e. CRR	[L2,CO5]	[10M]
4	a. What is the Importance of Brokers in the Stock Market?	[L3,CO5]	[5M]
	b. Elucidate different types of intermediaries in stock broking.	[L3,CO5]	[5M]
5	a. Define Depository System and state the objectives of depository system.	[L2,CO5]	[5M]
	b. Describe the advantages of depository system.	[L3,CO5]	[5M]
6	a. Define Credit rating and explain the functions of Credit rating agencies.	[L3,CO5]	[5M]
	b. Explain the benefits of Credit rating.	[L2,CO5]	[5M]
7	a. Define portfolio. Explain the process of portfolio	[L3,CO5]	[5M]
	b. "Portfolio management is a risk diversification strategy in Investment process". Comment.	[L4,CO5]	[5M]
8	a. Define Underwriting. Explain the methods of underwriting.	[L2,CO5]	[5M]
	b. Explain the various types of underwriters in India.	[L3,CO5]	[5M]
9	Write short notes on the following a. Public issue b. Offer for sale c. Rights issue d. Placement e. Bonus Issue	[L3,CO5]	[10M]
10	a. Define investment banker and what does an Investment banker do?	[L2,CO5]	[5M]
	b. Discuss the challenges are faced by investment banker.	[L3,CO5]	[5M]

PART- B
CASE STUDY

Case study 1: manufacturing concern has total sales of Rs.16, 00,000 and its average collection period is 90 days. The past experience indicates a bad debt loss around 1.5% of credit sales. The company spends Rs.25000 on credit administration and collection. A factor is prepared to buy the firms receivables by charging 2% commission. The factor will pay advance receivable at an interest of 18 percent after withholding 10 percent as reserve. Calculate the cost and benefit to the company and also effective rate of annual cost of factoring.

Case study:2 A Ltd. has total sales of Rs 3.6 crores and its average collection period is 90 days. The past experience indicates that bad debt losses are 2% on sales. The expenditure incurred by the firm in administering its receivable collection efforts are Rs 5,50,000. A factor is prepared to buy the firms receivables by charging 2% commission. The factor will pay advance on receivables to the firm at an interest rate of 18% p.a. after withholding 10% as reserve. Calculate the effective cost of factoring to the firm.

CASE -3 A Machine has a service life of 10 years can be purchased for Rs.1,80,000/- it can also be leased for rentals per annum at the beginning of each year. A contractor requires for the use of this machine for 2 years and then sells it at 80% of purchase price. It can be partially financed by own to extent of Rs.80,000/- and balance by borrowing at interest rate at 18% per annum. The loan is to be repaid by the sale of machine. Depreciation is to be calculated at written down method. The tax rate is 50%. The NPV Factor is 10% prepare a suitable statement and advise the contractor to buy or lease the machine.

CASE -4: Humanex derives most of its income from the return on its endowment. Years ago, the founders of Best Candy willed a large block of Best Candy stock to Humanex with the provision that Humanex may never sell it. This block of shares now comprises 50% of Humanex's endowment. Humanex was wondering where to invest the remainder of its portfolio. Remember Humanex is a charity organisation operating with donations. The donors expect safety in its investments. It is a custodian of PUBLIC funds and cannot speculate. [Babgalu goes to UK for further studies, father sends € 1000 to friend for emergency] Now donors of Best Candy have stipulated that Best Candy CANNOT be sold at all. This investment is 'risky'. There is an equal amount lying as cash which needs to be invested now. The value of Best Candy stock is sensitive to the price of sugar. In years when the Caribbean sugar crop fails, the price of sugar rises significantly and Best Candy suffers considerable losses.

ITEM	Normal Year	Normal Year	Abnormal Year
Three possible scenarios	Bullish stock market	Bearish stock market	Sugar Crisis
Probability (Total =1)	0.5	0.3	0.2
Rate of return	+01%	-05% i.e loss	+35%

Q1: should Humanex invest in safe investments such as T-bills or should it consider Sugarkane shares.

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