



BRAINWARE UNIVERSITY

Course – MBA

Management of Financial services & Institutes (FM401)

(Semester – 4)

Time allotted: 3 Hours

Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*

(i) A financial system ensures the flow of funds from

- | | |
|------------------------|----------------------------|
| a. Government to bank | b. Investors to savers |
| c. Savers to Investors | d. Investors to government |

(ii) Non-banking intermediaries

- | | |
|--|----------------------|
| a. Reduce risk | b. Create credit |
| c. Take responsibility of underwriting | d. Create new assets |

(iii) The value of money multiplier will be-

- | | |
|-------|-------|
| a. 1 | b. >1 |
| c. <1 | d. 0 |

(iv) After adoption of new economic policy, SLR was reduced from 38.5% to

- | | |
|--------|--------|
| a. 19% | b. 20% |
| c. 23% | d. 25% |

(v) NABARD was established in

- | | |
|---------|---------|
| a. 1964 | b. 1977 |
| c. 1982 | d. 1988 |

- (vi) Term structure of interest rate reflects the functional relationship between
- | | |
|--|--------------------------------|
| a. Call risk and default risk | b. Premium and discount |
| c. Maturity period & yield to maturity | d. Liquidity and marketability |
- (vii) New issue market refers to-
- | | |
|---------------------|-------------------|
| a. Commodity market | b. Primary market |
| c. Secondary market | d. Stock market |
- (viii) Which one of the following is true for SEBI
- | | |
|--------------------------------|---------------------------------|
| a. It acts as a primary dealer | b. It is a market regulator |
| c. It is a debenture trustee | d. It is a credit rating agency |
- (ix) Which one of these information about insider trading is not true
- | | |
|---|--|
| a. This facilitates the companies by engaging unethical transaction | b. It involves transfer of price-sensitive information |
| c. The persons involved in insider trading are Directors, officers, top executives etc. | d. Share price remains unaffected |
- (x) Which of the following is not a fund based service
- | | |
|--------------------|-----------------------|
| a. Lease financing | b. Factoring |
| c. Mutual Fund | d. Insurance services |

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

- | | |
|---|---------|
| 2. Explain important functions of money. | [5] |
| 3. What are the primary objectives of Life Insurance Corporation of India? | [5] |
| 4. What do you mean by stock Index? Why it is important? Name two important index in India. | [2+2+1] |
| 5. What are the important features of new issue market? | [5] |
| 6. Describe the concept of options and futures used in a derivative market. | [5] |

Group – C

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

7. Is RBI a banker of banks? What are the important functions it has to perform? [15]
8. (a) What do you mean by grievance cell in stock exchange? [3]
(b) What are the objectives of this cell? Describe in detail. [12]
9. (a) What is capital market? [3]
(b) Explain its important functions. [12]
10. Who are the participants of organized money market? Describe them. [15]
11. In order to get uninterrupted electricity X ltd will install a DG set of Rs 10 lakhs. It has 5 years life with nil salvage value. DG set can be obtained in two ways. (a) Get it on lease by paying in 5 equal instalments. (b) Loan at 12% repayable in 5 equal instalments. Depreciation is straight line basis. Tax rate is 36%. Which one is better? [15]
