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Total Number of Pages: 02

Course: MBA
Sub_Code: 18MBA202

2nd Semester Regular/Back Examination: 2023-24

SUBJECT: INDIAN FINANCIAL SYSTEMS AND SERVICES

BRANCH(S): BA, BM, FM, FM&HRM, GM, HRM, IB, LSCM, MBA, MBA (A & M), MBA (M & F),
MM, RM

Time: 3 Hour

Max Marks: 100

Q.Code: P378

Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.

The figures in the right hand margin indicate marks.

Part-I

Q1 Answer the following questions:

(2 x 10)

- What is the purpose of a "savings account" in banking?
- Define the term "liquidity" in the context of banking.
- Define "premium" in the context of insurance.
- What role do Treasury bills play in the money market?
- Define the term "short-term borrowing" in the context of the money market.
- What do you mean by the "Vetting" of the offer document or prospectus?
- What are the main functions of a stock exchange in the capital market?
- What is the significance of secondary market trading in securities?
- Explain the concept of "net asset value (NAV)" in the context of mutual funds.
- How do venture capitalists typically exit their investments in a venture-backed company?

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve)

(6 x 8)

- Evaluate the impact of digital transformation on the banking industry, considering both opportunities and challenges faced by traditional banks in adopting new technologies.
- Discuss the role of commercial banks in the economy and analyze the key functions they perform in facilitating financial intermediation.
- Critically evaluate the impact of demographic trends, such as aging populations and changing consumer preferences, on the insurance sector, and discuss the strategies insurers can adopt to address these challenges.
- Discuss the concept of underwriting in insurance, highlighting its importance in assessing risk and determining premium rates, and analyze the factors that underwriters consider when evaluating insurance applications.
- Analyze the structure of the Indian financial system, highlighting the role of various institutions such as banks, non-banking financial companies (NBFCs), and regulatory bodies in promoting financial stability and economic growth.

- f) Discuss the concept of financial inclusion in the Indian context, highlighting the initiatives taken by the government and regulatory authorities to promote access to banking and financial services for underserved segments of the population.
- g) Discuss the key features of the money market and the capital market, highlighting the differences between the two and explaining their respective roles in the overall financial system.
- h) Discuss the role of stock exchanges in the capital market, focusing on their functions as trading platforms for equities and other securities, and the regulatory framework governing their operations.
- i) Discuss the concept of dematerialization in the context of securities trading, highlighting its significance in modern financial markets. Explain the process of dematerialization and its benefits for investors and the capital market ecosystem.
- j) What are the economic reasons for the existence of Mutual Funds? Why do individuals rather than corporations, hold most mutual fund.
- k) Differentiate among operating lease, financial lease, and lease and sales back.
- l) Discuss the benefits and risks associated with investing in venture capital.

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

- Q3** Critically examine the challenges and opportunities of digital transformation in the banking industry, considering the adoption of online banking platforms, mobile payment systems, and fintech innovations. Discuss the implications of digitalization for customer engagement, service delivery, and cyber security risk management in banks. **(16)**
- Q4** “Financial Intermediaries have to perform the task of Financial innovation to meet the dynamically changing needs of the economy”. Discuss the above statement in the light of the various innovative products introduced in recent times in the financial services sector. **(16)**
- Q5** Critically examine the functioning of India's stock exchanges, including the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE), as primary platforms for equity and debt securities trading. Discuss the role of stock exchanges in facilitating price discovery, liquidity provision, and capital formation in the Indian capital market. **(16)**
- Q6** Discuss the concept of venture capital as an alternative investment asset class, focusing on its role in providing financing to early-stage and growth-stage companies with high growth potential. Analyze the characteristics of venture capital investments, including equity ownership, long-term horizon, and active involvement in company management. **(16)**