Name: **Enrolment No:**	UPES

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May 2019

Course: **MANAGEMENT OF FINANCIAL INSTITUTIONS**
Semester: **VI**
Course Code: BBCF152
Programme: BBA (CORE)
Time: 03 Hours **Max. Marks: 100**
Instructions: Attempt all questions

SECTION A

Q.1.		**Marks**	**CO**
	Short Note: 1. Sec 42 of Companies Act 2013 2. T Bills 3. Repo 4. PFRDA 5. SEBI 6. Non Recourse 7. CD 8. IRDA 9. FPO 10. Example of DFI	**2 X 10 = 20**	**1 & 2**

SECTION B

		Marks	**CO**
Q.2.	Money market deals with financial assets having maturity period less than one year. On the basis of mention characteristic, identify the instruments of money market.	**5**	**1**
Q.3.	SPVs and related products continue to play a vital role in financial markets. Explain.	**5**	**3**
Q.4.	Private placement undertakes selling of securities and shares of the company by its promoters for raising capital to a relatively small number of select investors including wealthy accredited investors, large banks, mutual funds, insurance companies and pension funds. Highlight the merits and demerits of private placement.	**5**	**2**
Q.5.	List few examples of assets that can be securitised.	**5**	**2**

SECTION-C

		Marks	**CO**
Q.6.	What is the difference between recourse and non recourse financing ? Which is preferred in securitization process and why? OR IFCI as a Business Facilitator. Critically analyze the role of IFCI as DFI and highlight its functions.	**15**	**2**
Q.7.	Book building undertakes the process of determining the price of the securities by an underwriter attempting to determine the price to place a securities offering, such as	**15**	**3**

	an initial public offering (IPO) based on demand from institutional investors. Explain book building process and the types of book building.		
SECTION-D			
Q.8.	Banking sector reforms were an important part of the broader agenda of structural economic reforms introduced in India in 1991. The first stage of reforms was shaped by the recommendations of the Committee on the Financial System (Narasimham Committee), which submitted its report in December 1991, suggesting reforms in banking, the government debt market, the stock markets, and in insurance, all aimed at producing a more efficient financial sector. Subsequently, the East Asian crisis in 1997 led to a heightened appreciation of the importance of a strong banking system, not just for efficient financial intermediation but also as an essential condition for macroeconomic stability. Recognizing this, the government appointed a Committee on Banking Sector Reforms to review the progress of reforms in banking and to consider further steps to strengthen the banking system in light of changes taking place in international financial markets and the experience of other developing countries. The two reports provided a road map that has guided the broad direction of reforms in this sector. **Pre-reform Situation** India's commercial banking system in 1991 had many of the problems typical of unreformed banking systems in many developing countries. There was extensive financial repression, reflected in detailed controls on interest rates, and large preemption of bank resources to finance the government deficit through the imposition of high statutory liquidity ratio (SLR), which prescribed investment in government securities at low interest rates. The system was also dominated by public sector banks, which accounted for 90 percent of total banking sector assets, reflecting the impact of two rounds of nationalization of private sector banks above a certain size, first in 1969 and again in 1983. These banks were nationalized because of the perception that it was necessary to impose social control over banking to give it a developmental thrust, with a special emphasis on extending banking in rural areas. The system suffered from inadequate prudential regulations, and nontransparent accounting practices. Supervision by the Reserve Bank of India (RBI) was also weak. A) Highlight the major bank reforms that had an impact on the banking system of India. (10 marks) B) In the context of economic liberalization and growing trend towards globalization (external liberalization), various **banking sector reforms** have been introduced. Why? (5 marks)	**15**	**2 & 3**
Q.9.	In 1993, Malhotra Committee headed by former Finance Secretary and RBI Governor R.N. Malhotra was formed to evaluate the Indian insurance industry and recommend its future direction. Critically analyze the committee report.	**15**	**3**

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SECTION A

Q.1.		**Marks**	**CO**
	Short Note: 6. List of types of banks 7. T Bills 8. Repo 9. PFRDA 10. SEBI 6. Recourse 7. CD 8. NABARD 9. IPO 10. SIDBI	**2 X 10 = 20**	**1 & 2**

SECTION B

		Marks	**CO**
Q.2.	Non-Banking Financial Companies are emerging as promising institutions that are offering a variety of services and meeting demands of the consumers. Identify the services and products offered by NBFCs.	**5**	**1**
Q.3.	Money markets refers to that segment of financial markets where buying and selling of securities which have short maturities that is less than one year are bought and sold . Highlight its features.	**5**	**3**
Q.4.	Private placement undertakes selling of securities and shares of the company by its promoters for raising capital to a relatively small number of select investors including wealthy accredited investors, large banks, mutual funds, insurance companies and pension funds. Highlight types of private placement.	**5**	**2**
Q.5.	List few examples of assets that can be securitised.	**5**	**2**

SECTION-C

		Marks	**CO**
Q.6.	A variety of instruments are available in a developed money market. In India till 1986, only few instruments are available. Explain.	**15**	**2**
Q.7.	SPVs are the key characteristic of a securitization and are commonly used to securitize loans and other receivables. Explain the role of SPV in securitization process.	**15**	**3**

SECTION-D			
Q.8.	The significant transformation of the Capital Market in India is clearly evident from the changes that have occurred in the Stock market. The developments have facilitated greater choice for investors, who have become more discerning and demanding. Currently, the most important factor shaping the world is globalization. The benefits of globalization have been well documented and are being increasingly recognized. Integration of domestic markets with international financial markets has been facilitated by tremendous advancement in information and communications technology. But, such an environment has also meant that a problem in one country can sometimes adversely impact one or more countries instantaneously, even if they are fundamentally strong. There is a growing realization that the ability of countries to conduct business across national borders and the ability to cope with the possible downside risks would depend on the soundness of the Capital market. This has consequently meant the adoption of a strong and transparent, prudential, regulatory, supervisory, technological and institutional framework in the sector on par with international best practices is necessary. All this necessitates a transformation: a transformation in the mindset, a transformation in the business processes and finally, a transformation in knowledge management. A) Identify the factors responsible for the growth and development of capital market. B) The term "market" is sometimes used for what are more strictly exchanges, organizations that facilitate the trade in financial securities, e.g., a stock exchange or exchange in Finance, Financial Markets facilitate? C) The government has taken several measures to develop capital market in post-reform period, with which the capital market reached new heights. Highlight the measures taken by the government.	**3 X 10 =30**	**2&3**