



III Semester M.B.A. Degree Examination, February 2016
(CBCS) (2014-15 and Onwards)

Management

Paper – 3.3.1 : INDIAN FINANCIAL SYSTEM

Time : 3 Hours

Max. Marks :70

SECTION – A

Answer **any five** of the following questions. **Each** question carries **five** marks. (5×5=25)

1. Explain the functions of EXIM Bank of India.
2. Discuss the objectives and functions of IDBI.
3. Explain the role of Unit Trust of India.
4. Discuss the role of financial system in the development of an economy.
5. What are the steps in securities trading ?
6. Write note on credit rating agencies in India.
7. Give an overview of Global financial system.

SECTION – B

Answer **any three** questions. **Each** carries **10** marks : (3×10=30)

8. Discuss the role and functions of stock exchange.
9. Discuss the characteristics and broad categories of Financial Institutions.
10. Explain the role and functions of Merchant Bankers.
11. Write short notes on :
 - 1) Call Money
 - 2) Commercial paper
 - 3) Treasury bills
 - 4) Certificate of deposits

P.T.O.



SECTION - C

12. Compulsory Case Study :

(1×15=15)

Alfa Ltd. is thinking of installing a computer. Decide whether the computer is to be purchased outright (through 15% borrowing) or to be acquired on lease rental basis. The rate of income-tax may be taken at 40%. The other data available are as under :

Purchase of Computer

Purchase price	Rs. 20,00,000
Annual maintenance (to be paid in advance)	Rs. 50,000 per year
Expected economic useful life	6 years
Depreciation (for tax purposes)	Straight line method
Salvage value	Rs. 2,00,000

Leasing of Computer

Lease charges to be paid in advance Rs. 4,50,000

Maintenance expenses to be borne by lessor

Payment of loan : 6 year-end equal installments of Rs. 5,28,474

Note : Present value of Re. 1 for six years

Year	P.V. @6%	P.V. @9%	P.V. @15%
1	0.9434	0.9174	0.8696
2	0.8900	0.8417	0.7561
3	0.8396	0.7722	0.6575
4	0.7921	0.7084	0.5718
5	0.7473	0.6499	0.4972
6	0.7050	0.5963	0.4323