

Subject Code: MB937

M B A - III Semester [R09] Regular/Supplementary Examinations, February - 2012

FINANCIAL INSTITUTIONS and SERVICES

Time: 3 Hours

Max Marks: 60

Answer any FIVE questions. All questions carry EQUAL marks including Q.No.8 is compulsory

1. What is financial system? What are the factors affecting the stability of the financial system? Critically examine the Indian Financial System's ability to meet the changing global economic conditions
2. Explain with examples, the role of various financial Institutions in economic development of a country
3. Present a detailed comparison of the public and the private sector banking in India with respect to the structure, financial products & services, reach and performance.
4. What are the Non-Banking Financial Institutions? How are NBFIs different from commercial banks?
5. Explain the concept of life insurance; Explain the changes and growth of Indian Insurance Industry after its deregulation and private participation
6. Distinguish between fee based and fund based financial services. Explain any two fund based and two fee based financial services
7. What are primary and secondary markets? Explain the importance, need and role of merchant bankers in the primary market
8. **CASE STUDY**
A small firm has total credit sales of Rs.80 lakh, and its average collection period is 80 days. Past experience indicates that bad debts losses are around 1 per cent of credit sales. The firm spends around Rs. 1,20,000 per annum on administering its credit sales. This cost includes salaries of one officer and two clerks who handle credit checking, collection, etc. Besides, it also incurs telephone and telex charges, which are avoidable costs. A factor is prepared to buy the firm's receivables, with a charge of 2 per cent commission. The factor will also pay advance against receivables to the firm at an interest rate of 18 per cent after withholding 10 per cent as reserve.
What should the firm do? Assume 360 days in a year and the current rate of bank interest is 18 percent per annum.

Notes:

1. *Make & Specify relevant assumptions where required*

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