

Name:  
Enrolment No:



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

**Course: Financial Institutions and Markets**  
**Programme: MBA Core**  
**Time: 03 Hours**

**Semester: 2<sup>nd</sup> Sem.**  
**Course Code: FINC 7020**  
**Max. Marks: 100**

**Instructions: Attempt all the sections.**

**SECTION A**

Q.1.	Select the most appropriate answer from the following: Note – Attempt all questions carrying two marks each. (20 Marks)	Marks	CO
1	The apex institution which handles refinance for agriculture and rural development is called: (a) RBI (b) SIDBI (c) NABARD (d) SEBI	2	CO1
2	----- pools money from investors and invests in stocks, bonds and shares (a) A bank (b) A merchant banker (c) A factor (d) A mutual fund	2	CO2
3	Functions of Reserve bank are: (a) Bankers Bank (b) Bankers to Government (c) Lender of last resort (d) All of the above	2	CO1
4	Capital market regulator is (a) RBI (b) SEBI (c) IRDA (d) BSE	2	CO2
5	NBFCs are an important part of the Indian Financial System. What is meant by this term? (a) Non-Banking Financial Companies (b) New Banking Financial Companies (c) Neo Banking Financial Confederation (d) Non-Banking Fiscal Companies	2	CO2
6	Which of the following is not considered as a money market instrument? (a) Treasury bill (b) Commercial papers (c) Shares and bonds (d) None of these	2	CO1
7	The Bank rate means (a) Rate at which Commercial bank lends money (b) Rate at which RBI lends to Commercial bank (c) Rate of interest paid by the banks to its depositors (d) None of the above	2	CO1
8	What is a Repo rate? (a) It is a rate at which RBI sell government securities to banks (b) It is a rate at which banks borrows rupee from RBI (c) It is a rate at which RBI allows small loan in the market (d) None of these	2	CO2
9	A Venture Capital firm a) Pools resources to help the entrepreneur to start a new idea or concept b) Has no role in the management of firm c) Increase the risk in the business d) None of the above	2	CO3
10	Financial markets that facilitate the flow of long-term funds with maturities of more than one year are known as _____. a. Money market c. Capital Market b. Primary market d. None of these	2	CO3

**SECTION B**

Q2	Attempt any four questions. Each questions carries 5 marks. <b>Total marks 20</b>	<b>Mark s</b>	<b>CO</b>
1	Discuss the role of Commercial banking in project finance in India.	<b>5</b>	<b>CO1</b>
2	Discuss the reasons or the factors responsible for NPAs in India.	<b>5</b>	<b>CO3</b>
3	Define capital market. Discuss the instruments of capital market in India.	<b>5</b>	<b>CO1</b>
4	Discuss the Basel II norms for reducing NPAs.	<b>5</b>	<b>CO4</b>
5	Discuss the stages of Financing a Venture.	<b>5</b>	<b>CO1</b>

**SECTION-C**

Q3	Attempt any three questions. Each questions carries 10 marks. <b>Total marks 30</b>	<b>Mark s</b>	<b>CO</b>
1	What are the important functions performed by an efficient financial system in an economy. Does it help in the economic development of a country?	<b>10</b>	<b>CO4</b>
2	Critically evaluate the performance of IDBI as an apex industrial development financing institution.	<b>10</b>	<b>CO2</b>
3	Mutual funds are extremely important in the financial system of an economy. Do you agree? Explain.	<b>10</b>	<b>CO4</b>
4	“SEBI has played a key role for the improvement of the capital market in India”. Comment.	<b>10</b>	<b>CO3</b>

**SECTION-D**

Q4	Attempt both the questions. <b>Total marks 30</b>	<b>Mark s</b>	<b>CO</b>																				
1	Financial services industry in India has grown remarkably during the last few years. Do you agree ? Explain various developments in brief.	<b>15</b>	<b>CO4</b>																				
2	<p>The following 3 portfolios provide the particulars given below</p> <table border="1"> <thead> <tr> <th>Portfolio</th> <th>Average Annual Returns</th> <th>Standard Deviation</th> <th>Correlation Co-efficient</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>18</td> <td>27</td> <td>0.8</td> </tr> <tr> <td>B</td> <td>14</td> <td>18</td> <td>0.6</td> </tr> <tr> <td>C</td> <td>15</td> <td>8</td> <td>0.9</td> </tr> <tr> <td>Market</td> <td>13</td> <td>12</td> <td>-</td> </tr> </tbody> </table> <p>Risk free rate of interest is 9%.</p> <p>Calculate Sharpe, Treynor and Jensen Alpha Ratio. Rank these portfolios using performance measurement index.</p>	Portfolio	Average Annual Returns	Standard Deviation	Correlation Co-efficient	A	18	27	0.8	B	14	18	0.6	C	15	8	0.9	Market	13	12	-	<b>15</b>	<b>CO2</b>
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SECTION A

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2	----- pools money from investors and invests in stocks, bonds and shares (a) A bank (b) A merchant banker (c) A factor (d) A mutual fund	2	CO2
3	Functions of Reserve bank are: (a) Bankers Bank (b) Bankers to Government (c) Lender of last resort (d) All of the above	2	CO1
4	Capital market regulator is (a) RBI (b) SEBI (c) IRDA (d) BSE	2	CO2
5	NBFCs are an important part of the Indian Financial System. What is meant by this term? (a) Non-Banking Financial Companies (b) New Banking Financial Companies (c) Neo Banking Financial Confederation (d) Non-Banking Fiscal Companies	2	CO2
6	Which of the following is not considered as a money market instrument? (a) Treasury bill (b) Commercial papers (c) Shares and bonds (d) None of these	2	CO1
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9	A Venture Capital firm a) Pools resources to help the entrepreneur to start a new idea or concept b) Has no role in the management of firm c) Increase the risk in the business d) None of the above	2	CO3
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**SECTION B**

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1	Discuss the role of Commercial banking in project finance in India.	<b>5</b>	<b>CO1</b>
2	Discuss the reasons or the factors responsible for NPAs in India.	<b>5</b>	<b>CO3</b>
3	Fiscal Policy is generally used to cure recession and maintain economic stability in the country. Discuss this statement explaining the instruments of Fiscal Policy	<b>5</b>	<b>CO1</b>
4	Discuss the functioning of Regional Rural Banks.	<b>5</b>	<b>CO4</b>
5	Discuss the stages of Financing a Venture.	<b>5</b>	<b>CO1</b>

**SECTION-C**

Q3	Attempt any three questions. Each questions carries 10 marks. <b>Total marks 30</b>	<b>Mark s</b>	<b>CO</b>
1	What are the important functions performed by an efficient financial system in an economy. Does it help in the economic development of a country?	<b>10</b>	<b>CO4</b>
2	Critically evaluate the importance and performance of NABARD as a Key financial institution in the development of agriculture sector	<b>10</b>	<b>CO2</b>
3	Discuss the concept of Mutual Funds. Classify Mutual funds in India.	<b>10</b>	<b>CO4</b>
4	Discuss the pre & post issue management activities undertaken by a merchant banker.	<b>10</b>	<b>CO3</b>

**SECTION-D**

Q4	Attempt both the questions. <b>Total marks 30</b>	<b>Mark s</b>	<b>CO</b>																																
1	Give an overview of Indian money market. Discuss the Role of RBI in controlling the flow of money in the economy and extending the banking services to the untouched segment of the society.	<b>15</b>	<b>CO4</b>																																
2	<p>Consider the following data</p> <table border="1"> <thead> <tr> <th>Portfolio</th> <th>Avg. Return</th> <th>SD</th> <th>Beta</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>18</td> <td>3</td> <td>1.2</td> </tr> <tr> <td>B</td> <td>16</td> <td>4</td> <td>0.8</td> </tr> <tr> <td>C</td> <td>22</td> <td>4</td> <td>1.4</td> </tr> <tr> <td>D</td> <td>20</td> <td>4</td> <td>1.6</td> </tr> <tr> <td>E</td> <td>19</td> <td>3.2</td> <td>0.7</td> </tr> <tr> <td>Nifty</td> <td>15</td> <td>2.8</td> <td>--</td> </tr> <tr> <td>T-Bills</td> <td>7</td> <td>---</td> <td>--</td> </tr> </tbody> </table> <p>Rank all the Portfolios under the following evaluation techniques a) Sharpe b) Treynor c) Jensen</p>	Portfolio	Avg. Return	SD	Beta	A	18	3	1.2	B	16	4	0.8	C	22	4	1.4	D	20	4	1.6	E	19	3.2	0.7	Nifty	15	2.8	--	T-Bills	7	---	--	<b>15</b>	<b>CO2</b>
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