



MBA (Fintech) II Semester Regular Examinations June 2019
FINANCIAL INSTITUTIONS, INSTRUMENTS & MARKETS

(For students admitted in 2018 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

SECTION – A

(Answer the following: 05 X 10 = 50 Marks)

- 1 Discuss the constituents of Indian financial system.
OR
- 2 Critically analyse the role of RBI in Indian economy.
- 3 Define NBFC. Discuss various services provided by NBFCs.
OR
- 4 What are the different types of mutual funds? Explain in detail.
- 5 Define and differentiate between primary markets and secondary markets.
OR
- 6 Explain in brief about the money market instruments.
- 7 Define factoring. What are the advantages of factoring?
OR
- 8 What are the features of operating lease? Differentiate between lease and hire purchase.
- 9 What are the challenges being faced by investment bankers? Explain in detail.
OR
- 10 Who is depository participant? What are the benefits of depository system?

SECTION – B

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case Study:**

Life insurance in India traditionally has been sold by way of harping on the tax benefits. An endowment plan has been the eternal favourite of life insurance agents. Let us consider one such endowment plan by ABC company Ltd below. Assume Mr. Vijay to be an individual, 30 years of age, who is to decide whether to buy a regular endowment plan. The sum assured for the plan is Rs. 10,00,000 and the tenure is 15 years.

Endowment plan of ABC company Ltd.

Age(years)	Sum Assured(Rs)	Premium(Rs)	Tenure(Years)	Maturity Amount(Rs)
30	10,00,000	65,070	15	16,84,000

(Assured rate of return by the insurance company: 10%)

{Compounded annual growth rate(CAGR) on Rs.65,070: 6.55%}

Contd. in page 2

Now let us look at an alternative scenario. Consider a case where Mr. Vijay, instead of investing Rs. 65,070 in an endowment plan, buys a term plan with a sum assured of Rs. 15,00,000 for tenure of 15 years. The premium works out to approximately Rs. 3,600 per annum. Also, he invests the remaining amount of Rs. 61,470 (Rs. 65,070-Rs. 6,600) in public provident fund (PPF).

Term plan from XYZ company Ltd.

Age (years)	Sum Assured (Rs)	Premium (Rs)	Tenure (Years)	Death Benefit (Rs)
30	15,00,000	3,600	15	15,00,000

PPF

Amount Invested p.a (Rs)	Assured Rate of Return	Tenure (years)	Maturity Amount (Rs)
61,470	8.00%	15	18,02,564
61,470	7.00%	15	16,52,808

Questions:

- What is the basic motive behind buying a life insurance policy?
- What are the various life insurance products offered by companies in India?
- What are the basic features of an endowment plan and a term plan?
- Calculate and compare the returns that would be available to Mr. Vijay under the two alternative scenarios over the life of the investment.
- Which alternative would provide him with greater returns and why?
