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MASTER OF BUSINESS ADMINISTRATION (M.B.A.)
EXAMINATION: DECEMBER - 2024
SEMESTER - IV

Sub.: Management of Financial Institutions (MFM407)

Date : 30/12/2024

Total Marks : 60

Time: 10.00am to 12.30pm

Instructions: 1) All questions are compulsory.
 2) Figures to the right indicate full marks.

Q. 1. Write Short notes on (Any Three) (15)

1. Economic Development and Financial System
2. Trading system and settlement
3. Instruments of Money Market
4. Commercial Bank
5. Listing of Securities

Q. 2. Answer in detail (Any One) (10)

1. What does the term "financial system" encompass, and why is it essential for an economy?
2. How has the Indian financial system evolved since the mid-eighties, and what is its current position in terms of size, structure, and efficiency?

Q. 3. Answer in detail (Any One) (10)

1. Describe the different instruments traded in the money market, such as money at call, treasury bills, certificates of deposits, and commercial papers.
2. What is the role of development banks in the economy, and how do they differ from commercial banks?

Q. 4. Answer in detail (Any One) (10)

1. How have commercial banks embraced financial innovation in recent years? Provide examples of innovative banking products or services introduced by commercial banks.
2. Explain the significance of the form and format of a prospectus in ensuring transparency and investor protection.

Q. 5. The Indian money market has undergone significant transformation in recent decades, driven by liberalization, technological advancements, and regulatory reforms. It serves as a crucial component of the financial system, offering short-term borrowing and lending solutions to institutions and individuals. (15)

Ravi Malhotra, an MBA student researching the Indian money market, examines its structure, which comprises organized and unorganized segments. The organized segment includes institutions like commercial banks, Reserve Bank of India (RBI), and non-banking financial companies (NBFCs), while the unorganized sector encompasses local moneylenders and indigenous bankers.

Recent innovations, such as digital lending platforms, and instruments like commercial papers (CPs), treasury bills (T-bills), and certificates of deposit (CDs), have enhanced

market efficiency. However, challenges remain, including limited financial inclusion, dependence on the informal sector, and vulnerability to global economic shocks.

Ravi is tasked with analyzing the evolving structure of the Indian money market, identifying the opportunities and challenges, and proposing measures to strengthen it further.

Questions

1. Explain the differences between the organized and unorganized segments of the Indian money market.
 2. Illustrate how instruments like T-bills and CPs function within the Indian money market.
 3. Critically evaluate the challenges faced by the Indian money market in achieving financial inclusion.
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