

**TILAK MAHARASHTRA VIDYAPEETH, PUNE**  
**MASTER OF BUSINESS ADMINISTRATION (M.B.A.)**  
**EXAMINATION: MAY - 2025**  
**SEMESTER - IV**

**Sub.: Management of Financial Institutions (MFM407)**

**Date : 23/05/2025**

**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 Institutions
  2. Initial Public Offer
  3. General Insurance Corporation of India (GIC)
  4. Indian Investment Institutions
  5. Issue of Shares
- Q. 2. Answer in detail (Any One) (10)**
1. How has the Indian financial system evolved since the mid-eighties, and what is its current position in terms of size, structure, and efficiency?
  2. How does SEBI enforce compliance with securities laws and regulations, and what are the penalties for non-compliance?
- Q. 3. Answer in detail (Any One) (10)**
1. Explain the concept of the secondary market, including the key players involved, the trading system, and the settlement process.
  2. Justify the statement "Investment institutions are significant in the financial system".
- Q. 4. Answer in detail (Any One) (10)**
1. What are some challenges and opportunities facing commercial banks in the context of increasing competition and technological advancements?
  2. Discuss the significance of the form and format of a prospectus in ensuring transparency and investor protection.
- Q. 5. Helios Financial Services Ltd. is a diversified non-banking financial company (NBFC) headquartered in Mumbai, India. Established in 2008, Helios initially focused on vehicle and consumer loans but later expanded into microfinance, SME lending, and housing finance. By 2023, it had grown its AUM (Assets Under Management) to 36,000 crore, with a presence in 14 states and over 200 branches. (15)**
- However, the company recently faced multiple strategic and operational challenges:
- Rising non-performing assets (NPAs) in its rural lending segment.
  - Mismatched asset-liability durations, exposing it to liquidity risk.
  - Pressure from new-age fintechs offering faster, more agile lending solutions.
  - Regulatory tightening by the Reserve Bank of India (RBI) around provisioning norms and capital adequacy for NBFCs.
- Additionally, the post-pandemic market environment created credit quality concerns, especially in MSME sectors. While Helios maintained a capital adequacy ratio of 16.2%, it lacked a diversified funding base and relied heavily on bank borrowings.
- To counter these challenges, Helios is considering a strategic shift:
- Realigning its loan portfolio toward low-risk segments like gold loans and education finance.

- Partnering with fintech startups for credit scoring and digital on boarding.
- Implementing ALM (Asset-Liability Management) tools for better liquidity oversight.
- Considering transformation into a Small Finance Bank (SFB) to access stable retail deposits.

**Questions:**

1. Explain the key differences in the structure and functions of a commercial bank and a non-banking financial company (NBFC). How do regulatory frameworks differ for both, and why might Helios consider converting into a Small Finance Bank (SFB)?
  2. Analyze the impact of asset-liability mismatch (ALM) on the financial stability of institutions like Helios. How can effective ALM practices help NBFCs manage liquidity risk, especially under changing interest rate environments?
  3. Evaluate the strategic move of shifting Helios's loan portfolio toward safer segments like gold loans and education finance. What are the long-term implications of such a move on profitability, risk-adjusted returns, and competitive positioning?
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