

TILAK MAHARASHTRA VIDYAPEETH, PUNE
MASTER OF BUSINESS ADMINISTRATION (M.B.A.)
EXAMINATION: DECEMBER - 2025/JANUARY-2026
SEMESTER - IV

Sub.: Management of Financial Institutions (MFM407)

Date : 06/01/2026

Total Marks : 60

Time: 2.00pm to 4.30pm

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

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| Q. 1. | Write Short notes on (Any Three)
1. Functions of Development Financial Institutions (DFIs)
2. Role of Primary Dealers in Government Securities Market
3. Financial Inclusion and its Importance
4. Credit Rating Agencies in India
5. Role of Stock Exchanges in Capital Formation | (15) |
| Q. 2. | Answer in detail (Any One)
1. Explain how Non-Banking Financial Companies (NBFCs) contribute to economic development and financial inclusion.
2. Discuss the importance of monetary policy tools in regulating financial institutions. | (10) |
| Q. 3. | Answer in detail (Any One)
1. Describe the structure and functioning of the Indian money market.
2. Examine the role of insurance companies as financial institutions in risk transfer and long-term investment. | (10) |
| Q. 4. | Answer in detail (Any One)
1. Analyze the impact of financial technology (FinTech) on traditional financial institutions.
2. Explain the functions and regulatory role of the Reserve Bank of India in supervising financial institutions. | (10) |
| Q. 5. | Orion Financial Services Ltd. is a fast-growing NBFC headquartered in Bengaluru. It primarily offers vehicle loans, SME financing, and consumer durable credit across Tier-2 and Tier-3 cities. Over the last five years, Orion has expanded rapidly, but recent developments have raised strategic and operational concerns:
Key Issues:
a) Heavy dependence on short-term borrowings from banks and mutual funds.
b) Rising Non-Performing Assets (NPAs) in the micro-enterprise segment.
c) Margins shrinking due to aggressive competition from fintech lenders.
d) Limited technological infrastructure for credit assessment and customer analytics.
Strategic Proposal by Management:
a) Apply for a Small Finance Bank (SFB) license to accept retail deposits.
b) Introduce AI-based credit scoring and digital loan processing systems.
c) Expand into insurance distribution and investment advisory services.
d) Rebalance loan portfolio toward less risky sectors. | (15) |
- Questions:**
1. Compare the operational and regulatory differences between an NBFC and a Small Finance Bank. Why would Orion seek conversion?
 2. Assess the risks associated with Orion's current funding structure and explain how accepting deposits may improve its stability.
 3. Critically evaluate the diversification strategy proposed by the management.
