

**Subject Code: MB937/R09**

**M B A - III Sem Regular & Supplementary Examinations, Apr/May-2014**

**FINANCIAL INSTITUTIONS & SERVICES**

**Time: 3 hours**

**Max Marks: 60**

Answer any **FIVE** of the following

All questions carry equal marks. **Q.No.8 is compulsory**

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1. What are the important functions of Reserve Bank of India?.
2. Discuss the role of financial institutions in the economic growth of a country.
3. Give a brief note of the Narasihman's committee report on NPAs.
4. What are the different measures taken by SEBI for the development of mutual funds, foreign institutional investors, venture capitalists and the protection of the investors during the period 1992-2003?
5. What is reinsurance? Explain the Regulations issued by IRDA in respect of both life and general Insurance-reinsurance.
6. Discuss the regulatory frame work of financial services in India
7. Write in brief some of the important pre-issue and post-issue obligations of merchant bankers.

**8. CASE STUDY:**

Rio personal care Ltd., has account receivables worth Rs. 240 lakh. Efficient factor Ltd., offers recourse factoring services to SPC. The EFL would pay 80 per cent of the value of the factored receivables at 15 per cent interest compounded quarterly. The remaining amount is retained as factor reserve. It also guarantees payment after three months from the date of purchase of the receivables. The factoring commission is 2 per cent of the value of factored receivables. It is pre-determined that interest and commission will be collected in advance.

**Questions:**

- a) Find out the (i) advance payable SPC and (ii).effective cost of funds.
- b) Estimate the effective cost of funds based on the assumption that commission is collected in advance and the interest is collected in arrear.

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