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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2018

Program: MBA General (Finance)

Subject (Course): Financial Institutions and Markets

Course Code : FINC 7020

No. of page/s: 02

Semester – II

Max. Marks : 100

Duration : 3 Hrs

Section A

Very Short questions

Attempt all questions

(2*10 = 20 marks)

1. What is banker's bank?
2. What is bank rate?
3. What are the tools of fiscal policy?
4. What is new issue market?
5. Define Asset Liability Management.
6. What are mortgage backed securities?
7. What is capital market?
8. Give the formula for calculating GAP in Asset Liability management.
9. Define ways and means advances.
10. What is the current rate of CLR and SLR?

Section B

Short questions

Attempt any four questions

(5*4 = 20 marks)

11. How the process of securitization does helps in maintaining liquidity?
12. Discuss the recommendations of Narasimham Committee I.
13. Throw light on the process of book building.
14. Explain in short the strategies for dealing with Asset Liability mismatch.
15. What is asset classification under Non Performing Assets?
16. Differentiate between commercial banks and NBFCs.

Section C

Descriptive type questions

Attempt any three questions

(10*3 = 30 marks)

17. What are capital adequacy norms and what are the changes which are seen in it in BASEL III?
18. “DFIs has been criticized for not reaching to rural sector”. Comment on the statement by stating the role of DFIs in rural sector.
19. What is monetary policy? Discuss its tools to control money and credit. .
20. Discuss the role of SEBI in monitoring stock exchanges.

Section D

Case study

(30 marks)

21. Easymoney Bank Ltd is registered under the Banking Regulations Act, 1949. The bank has financed an expensive motorbike for Rs. 2, 50,000 on 1 August 2014 under a personal loan scheme to Shyam. The loan is secured by the hypothecation of the vehicle and is not backed by any additional collateral security. Shyam has paid the EMIs regularly for the year 2014-15. During the next year 2015-16, there have been occasional delays in payment of EMIs and the last four monthly instalments (December to March) have not been paid till the year end. The vehicle met with a massive accident in August 2016. The comprehensive insurance policy for the vehicle expire a few days before the accident, which has not been renewed. As there has been no insurance cover on the date of accident, no claim could be made to the insurance company. The salvage value of the vehicle has been determined at Rs. 2,000 by the bank. There has been no repayment during the year 2016-17. The profit earned by the bank for all the three years 2014-15, 2015-16, and 2016-17 has been the same Rs. 12 lakh, before considering any provision for the above loan account.

The outstanding position of the account is as under:

31-3-2015	Rs. 1,80,000
31-3-2016	Rs. 1,35,000
31-3-2017	Rs. 1,35,000

Discuss Question:

- a) When did the vehicle loan account become a non performing asset? **(5 marks)**
- b) Calculate the provision required, if any, on the above loan account for all the above three years. **(15 marks)**
- c) What conclusion can be drawn **(10 marks)**