Name: **Enrolment No:**	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May 2020

Course: Financial Services **Semester: 6th**
Program: BBA(AIS) **Time: 3 hrs**
Course code: FINC 3005 **Max. Marks: 100 marks**

SECTION A

		Marks	CO
Q 1	Very short questions		
	1. The term ____________ refers financial investment in a highly risky and growth oriented venture with the objective of earning a high rate of return. 2. High risk is an outstanding feature of ___________ 3. Non fund based activities also called _____________ 4. ____________ includes all asset based financing plans offered to individuals to help them acquire durable consumer goods. 5. Functions of a factor include ____________ 6. A ________ pools the savings, particularly of the relatively small investors, and invests them in a well diversified portfolio of sound investment.	**6 X 5 = 30**	**CO1**
	SECTION B		
Q 2	Highlight the debt instruments available in Indian market.	**10 X 5 = 50**	**CO2**
Q 3	Differentiate between factoring and forfeiting services.		
Q 4	Identify the reasons of introducing book building process.		
Q 5	What are the general obligations of the CRAs?		
Q 6	Outline the options/plans with the mutual fund schemes. OR Credit rating is essentially a symbolic indicator of the relative grading of the investment/credit qualities of financial instruments and reflects the relative ability of the issuers of such instruments to meet the servicing obligations as and when they arise. In the light of above statement highlight the role of credit rating agency in the economy and		

	main elements of the regulatory framework of CRAs in terms of the SEBI regulations.		

SECTION C

How Dire is the Bad Debts Problem in Indian Banks

In recent months, the news reports about India's bad debts problems have been appearing almost on a daily basis. With the ballooning NPAs or Non Performing Assets (the term used to refer to debts owed to banks going sour), the Central government is grappling with the problem of these liabilities on the balance sheets of the Indian banks.
While the problem affects the public sector banks more, even the privately owned and managed banks such as ICICI have been reporting a surge in their liabilities.
Indeed, the problem of bad debts in India is so dire that some experts are predicting a liquidity and a recessionary crisis soon for the Indian banking sector unless it cleans up its act.
Though the problem of bad debts accruing on the balance sheets is due to the cumulative build up loans going bad taken over the years and especially during the boom years of the last decade, it needs to be mentioned that this continued into the present government's tenure and hence, political partisanship should be avoided.
This means that there must be a collective political will to solve the problem rather than to point fingers which does not serve the purpose.
Crony Capitalism and Dubious Loans
Having said that, it also needs to be mentioned that the aspect of Crony Capitalism that is responsible for much of the bad debts problems.
For instance, **it is common among lenders including the private sector to give in the demands of the politicians and grant loans to dubious borrowers often with poor credit history**.
On the other hand, there is a also a nexus between the bankers and the borrowers along with clear indications that lenders very well know in advance that the loans would not be repaid.
In addition, the fact that Indian corporates often borrow more money to repay the debts incurred earlier means that unless there is firmness and resolute will in tackling the problem, it is simply going to be a case of kicking the can down the road.

Source: https://www.managementstudyguide.com/how-dire-is-indias-bad-debts-problem-and-what-you-need-to-know-about-it.htm

Q 7	To address the problem, identify the actions plan by RBI.	10	CO 3
Q 8	"How dire is India's bad debts problem." Comment.	10	CO 3