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Reg. No. : ....

Name : ....

IV Semester M.B.A. (Full-Time) Degree Examination, July 2009
(2006 Scheme)
MANAGEMENT OF FINANCIAL INSTITUTIONS

Time : 3 Hours Max. Marks : 60

PART – A **(5×3=15 Marks)**

Write short answers on **any five** questions. **Each** question carries **three** marks.

1. Name any three financial management models.
2. What are the objectives of financial management ?
3. Explain 'yield curve'.
4. What is inflation ?
5. Who is a banker ?
6. Name any three relationships between banker and customer including the primary relationship.
7. What are the objectives of LIC ?
8. How important the thrift institutions in India ?

PART – B **(3×10=30 Marks)**

Answer **any three** questions elaborately. **Each** question carries **ten** marks.

9. Critically analyse the application of wealth maximisation model to financial decision.
10. How one can evaluate the risk and return of assets and liabilities of financial institutions ?
11. "Commercial banks are the backbone of Indian economy", critically analyse this statement.
12. Discuss fully the role of development banking in industrial financing in India.
13. Explain the strategies of growth of financial institutions in India in the globalized era.

P.T.O.

PART – C **15**

Read the following case carefully and answer the questions at the end.

XYZ Industries Limited require an investment of Rs. 2 crores for its expansion programme. The management is seriously to select a financial plan which gives highest returns to the equity shareholders. You being the financial manager which proposal do you suggest and why ?

Financial Plans	**Capital composition**
1	All through equity shares of Rs. 100 each.
2	40% through equity and 60% Debt @ 10% interest.
3	30% through preference shares @ 12% dividend rest in the form of equity shares of Rs. 50 each.
4	20% through Debt @ 10% interest; 20% through preference shares at 12% dividend and the rest in equity shares of Rs. 50 each.
5	20% equity shares at Rs. 100 each, 40% through Debt @ 11% interest; and the rest 40% through preference shares @ 10% dividend.

The company's proposed EBIT is Rs. 45 lakhs. Tax rate applicable to the company is 50%.