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MASTER OF BUSINESS ADMINISTRATION (M.B.A.)
EXAMINATION: MAY- 2024
SEMESTER - IV

Sub.: Management of Financial Institutions (MFM407)

Date : 29/05/2024

Total Marks : 60

Time: 10.00am to 12.30pm

- 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) (15)**
1. Financial System
 2. Money Market
 3. Financial innovation in commercial banks
 4. Commercial banks
 5. Stock exchanges and listing of securities
- Q. 2. Answer in detail (Any One) (10)**
1. Explain functions of Financial system and its components
 2. What does the term "capital market" refer to, and what distinguishes it from other financial markets?
- Q. 3. Answer in detail (Any One) (10)**
1. What are some challenges and opportunities facing commercial banks in the context of increasing competition and technological advancements?
 2. Describe the various life insurance products offered by insurance companies and their features.
- Q. 4. Answer in detail (Any One) (10)**
1. What are the different types of shares that a company can issue, and what are their distinctive features?
 2. What is the role of LIC in the Indian insurance sector, and how does it contribute to financial inclusion?
- Q. 5. The Securities and Exchange Board of India (SEBI) stands as the guardian of India's financial markets, entrusted with the task of fostering transparency, protecting investor interests, and ensuring the smooth functioning of the securities market. A quintessential example of SEBI's pivotal role unfolded in the case of the Satyam scandal. (15)**
- In 2009, Satyam Computers, one of India's leading IT companies, shocked the world with its chairman Ramalinga Raju's admission of overstating the company's assets by billions of dollars. The revelation plunged the stock market into chaos, eroding investor confidence and triggering panic among stakeholders. However, SEBI swiftly sprang into action, employing its regulatory arsenal to contain the fallout and restore market stability.
- SEBI initiated a thorough investigation into the Satyam fiasco, probing into irregularities, corporate governance lapses, and fraudulent practices. It imposed stringent penalties on the perpetrators, including Raju and other key executives, for their role in perpetrating the fraud. Moreover, SEBI bolstered disclosure norms and corporate governance standards to fortify investor protection mechanisms.
- SEBI's intervention didn't stop at punitive measures; it also focused on preventive measures to avert future debacles. The regulator introduced stringent guidelines for auditors, board members, and executives, mandating rigorous scrutiny and accountability in corporate affairs. It emphasized the adoption of transparent accounting

practices and robust internal control systems to mitigate the risk of financial mismanagement.

Furthermore, SEBI intensified its surveillance mechanisms, leveraging advanced technology and data analytics to detect market manipulation and insider trading. It collaborated with other regulatory bodies and law enforcement agencies to strengthen enforcement actions and prosecute wrongdoers effectively.

Questions:

- 1) How did SEBI's regulatory actions aim to improve investor protection mechanisms?
 - 2) How did the Satyam scandal impact the Indian stock market and investor confidence?
 - 3) What lessons can be learned from the Satyam case regarding the importance of regulatory oversight and corporate governance in maintaining market integrity?
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