

**ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)**

**IV SEMESTER M.COM EXAMINATIONS - APRIL 2019**

**INDIAN FINANCIAL SYSTEM**

**Duration: 2.5 Hours**

**Max. Marks: 70**

**SECTION - A**

**I) Answer any EIGHT of the following questions. (8x2=16)**

1. Give two examples of non-performing assets.
2. What are debentures?
3. State any two objectives of Financial System.
4. Define credit.
5. Expand IDBI and SIDBI.
6. What do you mean by underwriting?
7. Give four examples of money market instruments in India.
8. Which bank is termed as 'lender of the last resort'?
9. What is call money?
10. Define E-banking.

**SECTION - B**

**II) Answer any THREE of the following questions. (3x8=24)**

11. What is NABARD and what are its functions?
12. Write a note on credit rating methodology.
13. What are mutual funds? Discuss the various types of mutual funds.
14. Elaborate the recent developments in Capital Market.
15. Discuss the role and importance of financial institutions in the economic development of India.

**SECTION - C**

**III) Answer any ONE of the following questions. (1x15=15)**

16. Explain in detail the reforms and recent developments in Indian Money Market.
17. Write short notes on:
  - a) Factoring
  - b) Merchant Banking
  - c) Venture Capital
18. What are the stages in Money Laundering? Discuss in detail the effects of Money Laundering on Indian economy.

## SECTION - D

### **IV) Analyze the case and answer the questions.**

**(1x15=15)**

19. Liquor baron Vijay Mallya was arrested and granted bail in London in a money laundering case filed by the Enforcement Directorate of India. Mallya, is already out on bail on an extradition warrant executed by the Metropolitan Police of London earlier this year. Mallya appeared before Westminster Magistrates Court in London where he also got a bail. "Vijay Mallya has been arrested on money laundering charges and will be appearing in court," UK's Crown Prosecution Service (CPS) was quoted as saying by PTI. The CPS argued the case against Mallya on behalf of the Government of India. The ED is probing the money laundering case against the liquor baron and it has already filed a charge sheet against him and others in a Mumbai court.

In April 2016, the ED had requested a special court in Mumbai to issue a non-bailable arrest warrant against Mallya. The ED had sought the warrant against the liquor baron for crimes under Prevention of Money Laundering Act, 2002. The court granted warrant to ED. Reports claim that Mallya had siphoned off around \$590 million (around Rs. 4000 crore) out from India. In the same month, India revoked Mallya's diplomatic passport and his international travel was also banned, according to The Indian Express.

The liquor baron owes over Rs. 9,000 crore to various Indian banks. He has been living in a self-imposed exile in Britain since March 2016, after secretly escaping from India.

Mallya was arrested by the Scotland Yard on allegations of fraud, which triggered an official extradition process in the British courts. Mallya had then attended a central London police station for his arrest and was released on conditional bail a few hours later on a bail bond worth 650,000 pounds. He had then assured the court of abiding by all conditions associated with extradition proceedings, including the surrender of his passport and a ban on him possessing any travel documents.

1. Analyse the frauds committed by Mallya and comment. **(5 Marks)**
2. Explain how the system failed the banks. **(5 Marks)**
3. How these kinds of frauds can be prevented? **(5 Marks)**