

BALLARI INSTITUTE OF TECHNOLOGY & MANAGEMENT

(Autonomous Institute under Visvesvaraya Technological University, Belagavi)

USN Course Code

Third Semester MBA Degree Examinations, February 2026

FINANCIAL INSTITUTIONS & INVESTMENT BANKING

Duration: 3 hrs

Max. Marks: 100

- Note:* 1. Answer any **FOUR** full questions from Question No. 1 to 7.
2. Question No. 8 is compulsory
3. Missing data, if any, may be suitably assumed

<u>Q. No</u>	<u>Question</u>	<u>Marks</u>	<u>(RBTL:CO:PO)</u>
1.	a. Distinguish between OTC traded securities and exchange traded securities with relevant examples.	03	(3:1:2)
	b. Write a short note on RTGS and NEFT.	07	(4:1:3)
	c. Explain the structure of the Indian financial system and analyze the significant functions of institutions, and financial services in economic development.	10	(4:2:3)
2.	a. Illustrate the significant difference between equity shares and preference shares from an investor's perspective.	03	(3:1:1)
	b. Analyze the role of SEBI as a regulator in maintaining fairness transactions, stability and transparency in financial markets.	07	(4:2:2)
	c. Explain short selling and long positions in securities. Discuss the risks and regulatory concerns associated in trading of securities.	10	(4:1:2)
3.	a. List out any three key principles of lending followed by commercial banks.	03	(3:2:1)
	b. Analyze the role of balance sheet analysis and project appraisal in assessing borrower creditworthiness.	07	(4:2:4)
	c. Discuss the Narasimhan committee recommendations and analyze their impact on the performance and prudential norms of Indian banking sector.	10	(4:2:4)
4.	a. Interpret any three advantages of mutual funds for retail investors.	03	(4:3:2)
	b. Analyse the mechanism of factoring also highlight the relevance in trade finance.	07	(4:3:3)
	c. Explain the credit rating process. Examine the role of credit rating agencies in the Indian financial system.	10	(4:3:5)
5.	a. Examine the major types of NBFC's in India.	03	(4:3:3)
	b. Investigate how the microfinance institutions and self-help groups are promoting financial inclusion in India.	07	(4:4:5)
	c. Verify the growth and regulatory challenges of NBFC's in the Indian financial system.	10	(4:4:5)
6.	a. Interpret the vital functions performed by an investment banker.	03	(4:5:1)
	b. Compare and contrast the differences between investment banks and merchant banks.	07	(4:5:3)

Note: (RBTL - Revised Bloom's Taxonomy Level: CO - Course Outcome: PO – Programme Outcome)

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| c. | Defend how the investment banking in capital raising through different methods. | 10 | (5:5:3) |
| 7. | a. | 03 | (4:5:2) |
| | b. | 07 | (5:5:3) |
| | c. | 10 | (5:5:5) |

8.

Case Study

Arnav Manufacturing Ltd., a mid-sized company in India, specializes in producing electric vehicle (EV) components. With rising demand for EVs, the company plans to expand its operations by setting up a new manufacturing unit. The estimated cost of expansion is ₹500 crore. To raise funds, Arnav Manufacturing explores different options in the financial market. It considers issuing **equity shares** in the primary market, raising **debt through corporate bonds**, and approaching banks and financial institutions for **term loans**. At the same time, the company evaluates the impact of market conditions such as interest rates, investor sentiment, and regulatory requirements. Simultaneously, individual investors are also actively participating in the financial markets. Many retail investors invest through **mutual funds and online trading platforms**, attracted by higher returns compared to traditional savings. Financial services companies provide advisory services, portfolio management, and insurance to protect investors from potential risks. However, market volatility due to global economic uncertainty affects investor confidence. Fluctuations in stock prices and interest rates influence Arnav Manufacturing's financing decision. After consulting investment bankers and financial advisors, the company decides to raise ₹300 crore through equity and ₹200 crore through long-term debt instruments. This balanced approach helps reduce risk and maintain financial stability. The successful fund mobilization allows Arnav Manufacturing to expand production, generate employment, and contribute to economic growth. This case highlights how financial markets and services act as a backbone for industrial development and investment activities.

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| a. | Investigate which segment of the financial market is used by Arnav Manufacturing Ltd. to raise equity capital, and why is it suitable for long-term funding? Also discuss how financial institutes support both companies and individual investors in this case? | 10 | (4:4:4) |
| b. | Criticize if interest rates rise sharply in the economy, how would it affect Arnav manufacturing's decision to raise funds through debt instruments? Explain. | 10 | (5:4:4) |

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