

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER -III– EXAMINATION – WINTER 2021

Subject Code: 4539292

Date: 19-02-2022

Subject Name: Financial Markets and Services

Time: 10:30 AM TO 01:30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q. No.		Marks
Q.1	Define the following: (a) Reverse mortgage (b) Reverse book building (c) Green shoe option (d) Factoring (e) Systematic withdrawal plan (f) T+2 settlement system (g) Depository service	14
Q.2	(a) “Financial system is a set of complex and closely inter-related structure of financial institutions, markets, instruments and services.” Justify and discuss this statement.	07
	(b) Discuss the differences between financial assets vs Crypto assets.	07
OR		
	(b) Define and differentiate money market with capital market and explain major instruments of money market briefly.	07
Q.3	(a) “Merchant bankers play a vital role in issue management activity like IPO”. Discuss the pre and post issue obligation of merchant bankers in light of the statement given.	07
	(b) Compare and contrast hire-purchase finance with lease finance and discuss how these two are different.	07
OR		
Q.3	(a) “Credit rating has emerged as one of very beneficial service for the prospective investors and the issuers as well” – Give your comments and discuss.	07
	(b) What is private placement of equity shares in India? Discuss the major features of private placement as tool for raising capital.	07
Q.4	(a) What is securitization? What is asset reconstruction company (ARC)? How asset reconstruction companies help banks in easing their NPA problem? Discuss.	07
	(b) Define and discuss the concept of crowdfunding and its major types.	07
OR		
Q.4	(a) How is flexi-cap category of equity mutual funds different from multi-cap category equity mutual funds? Discuss the differences.	07
	(b) What is credit information report in India? What does credit information reporting agency do? What is its importance? Discuss.	07

Q.5

CASE STUDY:

Ketan Parekh is a notorious name in the annals of India's securities market. He used an ingenious technique to get public funds for his price-rigging operations. As the *Indian Express* reported, Ketan Parekh had close to INR 2,000 crore to play around with during the month prior to his arrest in 2001. Securities and Exchange Board of India's (SEBI) preliminary enquiry unearthed the fact that Ketan got around INR 670 crore from corporations such as Zee and HFCL whose shares he was ramping up. Both Zee and HFCL had raised this money for business purposes but diverted it to Ketan unauthorisedly. Though Zee reported that it gave funds to Ketan to buy a stake in entertainment firm ABCL and television channel B4U, both these firms denied that they were selling their stakes to Zee. Ketan had also borrowed INR 250 crore from Global Trust Bank, against the Reserve Bank of India's (RBI) norms. He was ramping up GTB's shares too with a view to getting a good deal at the time of its expected merger with UTI Bank. Ketan and his associates got another INR 1,000 crore from the Madhavpura Mercantile Co-operative Bank despite the fact that RBI regulations ruled that a broker could get a maximum loan of INR 15 crore only.

Ketan's *modus operandi* was to ramp up shares of select firms in collusion with their promoters. In the Ketan 2001 Scam case, SEBI found prima facie evidence of price rigging in the scrips of Global Trust Bank, Zee Telefilms, HFCL, Lupin Laboratories, Aftak Infosys and Padmini Polymer. Though UTI denied any link with Ketan, it was found that UTI's purchases almost aligned with Ketan's buying in what are called the K-10 stocks, or those stocks that Ketan had been buying. UTI also purchased hitherto unknown stocks such as Arvind Johri's Cyberspace Infosys—Cyberspace interestingly, was the erstwhile Century Finance, which changed its name like many others, to sound infotech in order to take advantage of the boom in infotech stocks. Market rigging was found to be so obvious that the Bombay Stock Exchange (BSE) began investigating the sudden rise in prices of Cyberspace which sky-rocketed to INR 1,450 within a few weeks of its launching. However, its value fell below par as the investigation had started. Crime Branch arrested Ketan Parekh later on.

(a) Explain in your own words how Ketan Parikh used other people's money to play his game of speculation. 07

(b) Explain the concept of Insider trading based on above case. 07

OR

Q.5 (a) Discuss how regulators in India can curb such types of financial scams and save investors' hard-earned money. 07

(b) Discuss the concept of Price rigging based on the above case. 07
