

JK LAKSHMIPAT UNIVERSITY, JAIPUR
INSTITUTE OF MANAGEMENT
END TERM EXAMINATION (May 2022)
BBA-VI Semester (2021-22)

Time: 2 Hours
MM: 40
Marks

Course: Indian Financial System
Course Code: FA1105

Instructions: All Questions are compulsory and application oriented. Use appropriate language which reflects critical thinking in taking decision making related to applicability of theoretical concepts.

- Q.1** Write Short Note on: (LO,3)
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| a. Fund based & Fee based Financial Services | 2 |
| b. Methods of Distribution of securities | 2 |
| c. Listing | 2 |
| d. Stock Indices | 2 |
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- Q.2** Doon Traders is a growing company and operating in a competitive industry. To increase its market share company has extended credit time available to its customers. This strategy helped company to add new customers but it created problems in working capital management. Now company is thinking to use factoring which can help in overcoming of this problem. Company wants to focus only on its operations. Hence, wishes to outsource all the post activities occurred after making sales and does not want to bear credit risk also. On the basis of your understanding suggest which factoring services it should employ. Under what situation company can use forfeiting services and what will be the differences in received amount and credit risk aspects compared to chosen factoring service? Do you think opting for factoring will lead to increase in current ratio of trader? Illustrate with example. (LO,5) 10
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- Q.3** Explain in brief, insurance principles applicable in the following cases with proper justification. (LO,5)
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| a) Some insured goods, kept in a godown, were partially destroyed by fire and the insured was fully compensated by the insurer for the loss. The insurer then sued the godown keeper and received a sum of ten thousand rupees from him. The insured claimed payment of even this amount from the insurer. Is he entitled? What kind of insurance principles you will use for both parties to support your answer? | 4 |
| b) Rajiv's stock were kept in a warehouse and were insured against fire. From last 5 months after getting insured, fire extinguishers were not repaired at warehouse. One night, stock was fouled by the heat of the warehouse. Explain the liability of the fire insurance company. | 2 |

c) House property of L is insured equally by three general insurance companies (P, Q and R). In an fire accident, housing property is destroyed fully and L claims amount only from one insurance company "Q" and receives Rs. 1.5 crore After making payment to L, what are the rights in hand of "Q" insurance company? If, the actual loss incurred in fire limits to Rs. 1 crore, on what ground insurance companies should make payment? 4

d) A, the owner of a ship, does not has it in good condition; but, by fraud represents ship to be seaworthy and induces 'B' an underwriter, to insure the ship. After getting insured, ship gets collides in sea. Can 'B' obtain the cancellation of policy and deny making payment to A? If somehow cancellation of policy is not possible then can Brother in law of A, Mr. X can get the insured amount? Provide justifications for your answers. 2

Q.4 Alpha Fin-care is operating in Indian financial services industry. Post LPG era, it wants to widen its areas as it is working as advisors only as merchant bankers presently. Up to what extent, it can extend its services and what could be the various roles that it can offer? If it choses, to operate at the peak level, explain any four services in detail that least level of merchant bankers can't perform. How do you see scope of merchant banking industry changing from last two decades? (LO,5&1) 10