

VPM's
DR VN BRIMS, Thane
Programme: MMS (2018-20) (Finance)
Third Semester Examination October 2019

Subject	Financial Regulations		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	19.10.2019

	Instructions:-	Marks
	<ul style="list-style-type: none"> • Q. No 1 is compulsory. • Attempt Any Four from the Remaining Six Questions. • Figures to the right indicate marks in full. 	
Q. 1	Case Study	20
	<p>A classic example of money laundering is the case of M/S Chinubhai Patel & Co. Intelligence received by the directorate of revenue Intelligence (DRI) indicated that the South Indian Bank Ltd., Nariman point Branch, Mumbai was involved in a massive money laundering operation.</p> <p>One of the accounts was in the name of M/S Chinubhai Patel & Co. said to be existing at 27, Vaishali Shopping Centre, JVPD, Bombay -49, with the South Indian bank Ltd., Nariman Point Branch, Bombay. Enquiries conducted revealed that the account was opened in February 1994 and the party was introduced by the Bank manager Mr Kasturi Rangan. The bank manager did not follow the instructions of the Reserve Bank of India (RBI), and the account was opened without obtaining the photographs of the account holder.</p> <p>Verification of the address revealed that the firm M/S Chinubhai Patel & Co. did not exist at that address. This account was utilized for remittance of \$ 12 million to Hong Kong in favor of M/S R.P. Imports and exports, Hong Kong. The remittances were made on the basis of fraudulent documents.</p> <p>It was further discovered that four more fictitious accounts were created with the same bank. Through these accounts a total amount of US \$ 80 million, was transferred from India to Hong Kong.</p> <p>Investigations conducted so far by the Directorate of revenue Intelligence have revealed that certain persons, including Rajesh Mehta and Prakash, had opened bank accounts solely for the purpose of depositing cash and then transferring the said funds in foreign exchange to countries like Hong Kong, Singapore and Dubai.</p> <p>Answer the following Questions:</p> <ol style="list-style-type: none"> a) What is the Modus Operandi of the Criminals for money laundering from your point of view? b) What steps were missing from the Indian banks in this case, which could prevent the Money laundering? c) Do you think the criminals were extra smart or were the Bank officials foolish to be cheated? Explain your views. d) How does a bank safeguard itself from fictitious persons, fake companies & their accounts? e) How can a Bank recognize fake & genuine business transactions, before transmitting money to a foreign Bank/Company? 	
Q. 2	Answer Any two from the following.	5x2 = 10
	a. Why do you think a country needs financial regulators?	
	b. How do Repos and Reverse Repo affect liquidity?	
Q. 3	Answer Any two from the following.	5x2= 10

	a.	Examine the roles and responsibilities of Indian capital market regulator.	
	b.	Discuss the objectives of the Competition Act, 2002 (as amended) and how would the objectives of the Act be achieved?	
	c.	Critically analyze the role of Reserve bank Of India (RBI) in Indian Economy.	
Q. 4		Answer Any two from the following.	5x2 = 10
	a.	Has FDI really benefitted Indian economy? If so – How?	
	b.	'Insider trading' is considered a prohibitive practice under the SEBI Regulations. Explain.	
	c.	Explain 'The Fraudulent Unfair Trade Practices' as per SEBI Regulations Act - 2003.	
Q. 5		Answer Any two from the following.	5x2 = 10
	a.	How does GDR affect International Funds regulations?	
	b.	Write the salient features of IRDA.	
	c.	Explain some of the means adopted by criminals in money laundering.	
Q. 6		Answer Any two from the following.	5x2 = 10
	a.	Why have the business volumes of credit Rating agencies expanded in India?	
	b.	Discuss 'Authorized Person' under FEMA- 1999.	
	c.	How far has the SEBI been in a position to protect the Interest of investors in Securities market?	
Q. 7		Answer Any two from the following	5x2 = 10
	a.	In What manner is FEMA 1999 considered a vast improvement over FERA 1973?	
	b.	What are SEBI regulations with regards to the working of "Mutual Funds"?	
	c.	How do Credit Rating agencies assist the Indian Investor?	