

VPM's
DR VN BRIMS, Thane
Programme: MMS (2022-24)
Third Semester Regular Examination January- February 2024

Course Name	Financial Regulations	Course Code	F-307		
Roll No.		Marks	60		
Total No. of Questions	6	Duration	3 Hours		
Total No. of printed pages	4	Date	05-02-2024		
Course Outcome Statements:					
<p>CO1- Recall the key concepts and principles of financial regulation, list the different functions, powers of regulators in India, define key concepts of FEMA, PMLA and FDI polices.</p> <p>CO2- Explain the need and significance of financial regulation by different financial regulators in India, discuss the impact of the global financial crisis on Indian financial regulation and explain the framework for FDI and CRA.</p> <p>CO 3- Identify the effectiveness of regulatory measures for financial inclusion, impact of the regulations on the different financial markets, KYC guidelines.</p> <p>CO 4- Analyse the impact of regulations on the financial system in India and examine the various provisions of FEMA, PMLA and FDI policies on the financial market.</p> <p>CO 5- Assess the effectiveness of various regulations by regulatory bodies and laws pertaining to FEMA, PMLA.</p>					
Instructions: -			Marks	BL	CO
<p>(1) All questions are compulsory.</p> <p>(2) Use of simple calculator is allowed.</p> <p>(3) Draw diagrams, flowcharts wherever necessary.</p> <p>(4) Complement your answers with relevant examples.</p>					
Q. No.		Questions			
Q. 1		Case/Case-let Study (500-800 words)			
		<p>Bhoomi Ltd. is a company engaged in real estate and construction business. To build a land bank in various parts of India that were likely to see commercial development and anticipating a future upward trend in land prices in various parts India, Bhoomi Limited hired the services of Mr. Amit to assist in the process of acquisition of lands. The company has issued a detailed offer letter to Mr. Amit for purchase of around 100 acres of land at the maximum price of Rs. 10,00,000/- per acre in different parts of India within a period not exceeding five years. The said offer was accepted by Mr. Amit by a letter of acceptance.</p> <p>Upon exchange of offer and acceptance, a legally binding and valid contract came to be force between Bhoomi Limited and Mr. Amit.</p> <p>Mr. Amit received from Bhoomi Limited a sum of Rs. 1000 Crore as a loan/advance for the purchase of lands as specified in the contract between the parties.</p> <p>Mr. Amit purchased various movable and immovable properties with the funds received from Bhoomi Limited. Since all the funds</p>			

		could not be directly invested in land as required by the contract, investments were made by Mr. Amit by himself or through his company in purchase of immovable property, including land, built-up residential and commercial buildings, etc. and Investment in fixed deposits in name of Mr. Amit and PQR Limited (95% shareholding by Mr. Amit) also investment in movable property including bank balance and few vehicles. In the meantime, Director of Enforcement initiated Suo moto proceedings under the Prevention of Money Laundering Act, 2002(PMLA) and registered a complaint under Sections 3 and 4 of the PMLA and attached the property of Mr. Amit under the Prevention of Money Laundering Act, 2002.			
	a.	Inspect how placement, layering and integration was done by Mr. Amit in the above case.	6	Level 4	CO4
	b.	If you were the Director of Enforcement, determine how the proceedings would have been followed under Prevention of Money Laundering (PMLA) Act.	6	Level 5	CO5
Q. 2		Answer Any one from the following.			
	a.	Mr. Karan is a holding 5,50,000 shares of Wagon India Ltd. The company is listed on NSE SME Emerge Platform. The total outstanding shares of the company are 25,00,000. Mr. Arjun who is the brother of Mr. Karan also holds 50,0000 shares of Wagon India Ltd. Mr. Karan is planning to acquire 50,000 shares and Mr. Arjun is also contemplating to buy 25,000 shares of the Wagon India Ltd. Evaluate and justify whether Mandatory Open Offer is required to be made by Mr. Karan under the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.	6	Level 5	CO5
	b.	The following information is given for Rainbow India Ltd.	6	Level 5	CO5
(Amount is Rs. Lakhs)					
Year Ended March 31	2019	2020	2021	2022	2023
Net Tangible Asset	1448.56	2275.53	2532.60	3510.33	4657.50
Monetary Asset	292.76	61.97	108.25	302.33	288.17
Monetary Asset as a percentage of Net Tangible Asset	20.21	2.72	4.27	8.61	6.19
Operating Profit	1422.18	1518.20	1630.31	1232.65	1864.23
Net Worth	10.18	1822.12	2576.57	3594.57	4703.62
		You are working as Company Secretary for Rainbow India Ltd. Judge the suitability of Rainbow India Ltd. to pursue an Initial Public Offering under SEBI-ICDR Regulations 2009.			

Q. 3	Answer Any one from the following.												
	a.	<p>Identify which of the following transactions can be considered as Capital Account Transactions under the purview of Foreign Exchange Management Act (FEMA), 1999.</p> <ol style="list-style-type: none"> Mr. A who is a resident in India has raised a loan of USD 5000 from Bank of America, USA. Mr. B who is the Indian resident has transferred his flat in New York to Mr. C, who is the resident of Jamaica. Mr. B owned this flat jointly with his wife who is a US citizen. While buying his flat, Mr. B has not contributed any amount. Mr. X has opened Resident Foreign Currency Account (RFC) in the year 2001. The balance in his account is now USD 10,50,000. From this account he has purchased a property in London. Mr. Y who is the foreign citizen has contributed a capital to start a company in India. 	6	Level 4	CO4								
	b.	<p>You are working as Manger in Bhart Alternative Investment Finance Ltd. The company is in the business of AIF from last 4 years. One of the HNI client is interested to invest Rs. 2.5 Crores in AIF scheme run by your company. He is ready to take substantial risk. Your company is involved in all three categories of AIF. Categorise the AIFs which your company can offer as per SEBI guidelines and examine the category which is most appropriate for the mentioned HNI client.</p>	6	Level 4	CO4								
Q. 4	Answer Any two from the following.												
	a.	<p>You are working as the financial advisor. One of your clients is interested to do an investment in Mutual Fund. However, he is a novice and do not have the understanding about the mutual fund investment. You have done his risk profiling and about to suggest some funds for investment.</p> <p>He is bit sceptical with the recommendations which you have given and feels that there has to be some regulatory guidelines for the risk involved in the funds.</p> <p>As a financial advisor, identify the regulatory guidelines given by the SEBI to interpret the risk involved in the funds.</p>	6	Level 3	CO3								
	b.	<p>Alpha AI Ltd. is a leading company in the domain of AI in finance. The company currently enjoys market share of more than 55% in the said industry. Beta AI Ltd is its nearest competitor with the market share of 23%. Alpha AI Ltd. is planning to take over Beta AI Ltd. in near future. If the takeover is successful, the combined assets of the entity will be more than Rs. 2000 Crore.</p> <p>Apply the concept of 'Combination' under Competition Act, 2002 and specify whether it is going to have an Appreciable Adverse Effect on Competition. (AAEC).</p>	6	Level 3	CO3								
	c.	<p>The following data is as on 16th August 2023</p> <table border="1" data-bbox="352 1776 1090 1917"> <thead> <tr> <th>Particulars</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>Jan Dhan Account</td> <td>50+ Crores</td> </tr> <tr> <td>Aadhar</td> <td>132 Crores</td> </tr> <tr> <td>Mobile Subscribers</td> <td>114 Crores</td> </tr> </tbody> </table> <p>(Source- Department of Financial Services, GOI)</p>	Particulars	Details	Jan Dhan Account	50+ Crores	Aadhar	132 Crores	Mobile Subscribers	114 Crores	6	Level 3	CO3
Particulars	Details												
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		Identify , how the details given above has helped in forwarding the objectives of financial inclusion in under the leadership of RBI.			
Q. 5		Answer Any two from the following.			
	a.	Summarise the reasons for the global subprime crisis of 2008.	6	Level 2	CO2
	b.	Explain the protective functions of SEBI.	6	Level 2	CO2
	c.	Compare the three tracks under ECB framework in India.	6	Level 2	CO2
Q. 6		Answer Any two from the following.			
	a.	What are the traditional functions of RBI?	6	Level 1	CO1
	b.	How are GDRs issued in the international capital markets?	6	Level 1	CO1
	c.	Recall the process of Credit rating by Credit Rating Agencies.	6	Level 1	CO1