

The SEBI's AIF Regulations, defines an Alternative Investment Fund (AIF) to mean any fund established or incorporated in India which collects funds from domestic and/or foreign investors for investing the funds in accordance with a defined investment policy. However, the consolidated Foreign Direct Investment Policy effective from 10 April 2012 does not permit foreign investments in AIFs. While, the Department of Industrial Policy and Promotion (DIPP) has in the last one year, issued clarifications and made changes to the FDI Policy, none of the press notes issued till date mention the possibility of foreign investments in AIFs. In addition to this, the AIF Regulations created a category of AIFs that would be eligible for tax benefits. However, the government has not announced any benefits or conditions for funds to qualify as such AIFs so far. A similar disconnect is seen in the regime for QFIs who were allowed to invest in the Indian equity and debt markets to boost foreign investment in the country. However, this route hasn't seen much success due to the skepticism surrounding the tax risk for depositories whose clients are QFIs.

Question

Identify the problem in this case. Give suggestions to solve the problem.

MBFM 3003/GN 3003/
MBLG 3001

M.B.A.DEGREE EXAMINATION, JUNE 2016.

Third Semester

Finance/General

**MERCHANT BANKING AND INDIAN FINANCIAL
SERVICES .**

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What are the features of new financial products and services?
2. What is merchant banking? What are the services rendered by merchant bankers?
3. List out the various types of factoring.
4. What is securitization? What are the advantages of securitization?
5. State the regulations of SEBI on mutual funds.
6. Examine the reasons for slow growth of venture capital companies in India.
7. Enumerate the drawbacks of credit rating in India.
8. Write short notes on :
 - (a) Book Building
 - (b) IPO
 - (c) Asset liability management.