

Faculty of Management Studies

End Semester Examination May 2025

MS5OE01 Mutual Fund Management

Programme	:	MBA	Branch/Specialisation	:	-
Duration	:	3 hours	Maximum Marks	:	60

Note: All questions are compulsory. Internal choices, if any, are indicated. Assume suitable data if necessary.
 Notations and symbols have their usual meaning.

Section 1 (Answer all question(s))				Marks CO BL
Q1. What is a mutual fund?				1 1 1
<input type="radio"/> A bank account for investors	<input checked="" type="radio"/> A pooled investment vehicle managed by professionals			
<input type="radio"/> A type of insurance policy	<input type="radio"/> A direct stock purchase plan			
Q2. Which of the following is not a type of mutual fund scheme?				1 1 1
<input type="radio"/> Equity fund	<input type="radio"/> Debt fund			
<input checked="" type="radio"/> Recurring deposit	<input type="radio"/> Hybrid fund			
Q3. Which regulatory body oversees mutual funds in India?				1 2 1
<input type="radio"/> Reserve Bank of India (RBI)	<input checked="" type="radio"/> Securities and Exchange Board of India (SEBI)			
<input type="radio"/> Ministry of Finance	<input type="radio"/> Insurance Regulatory and Development Authority (IRDA)			
Q4. What does NAV stand for in mutual funds?				1 2 1
<input type="radio"/> Net Average Value	<input checked="" type="radio"/> Net Asset Value			
<input type="radio"/> Nominal Account Value	<input type="radio"/> National Asset Volume			
Q5. Which of the following is a right of mutual fund investors?				1 3 1
<input type="radio"/> Guaranteed returns	<input checked="" type="radio"/> Free access to fund performance reports			
<input type="radio"/> Control over individual stock selection within the fund	<input type="radio"/> Fixed interest payments			
Q6. Why is investor protection necessary in mutual funds?				1 3 1
<input type="radio"/> To ensure investors always make a profit	<input checked="" type="radio"/> To prevent fraudulent activities and mismanagement			
<input type="radio"/> To eliminate all risks in investments	<input type="radio"/> To allow investors to bypass SEBI regulations			
Q7. Which of the following is used to evaluate mutual fund performance?				1 4 1
<input type="radio"/> Balance sheet analysis	<input checked="" type="radio"/> Ratio analysis			
<input type="radio"/> Budget estimation	<input type="radio"/> Depreciation calculation			
Q8. Capital gains from mutual funds are taxed under which category?				1 4 1
<input type="radio"/> Income from salary	<input type="radio"/> Income from business			
<input checked="" type="radio"/> Capital gains tax	<input type="radio"/> Agricultural income			
Q9. Which of the following was the first mutual fund in India?				1 5 1
<input type="radio"/> SBI Mutual Fund	<input type="radio"/> ICICI Prudential Mutual Fund			
<input checked="" type="radio"/> Unit Trust of India (UTI)	<input type="radio"/> HDFC Mutual Fund			

Q10. What is a key reason for the slow growth of mutual funds in India?

1 5 1

- High literacy rates
- Lack of investor awareness
- Government restrictions on investment
- Overregulation of banks

Section 2 (Answer any 2 question(s))

Marks CO BL

Q11. A first-time investor is confused about mutual funds and shares. How would you explain the key differences between them? 4 1 3

Rubric	Marks
Identifies 4 key differences between mutual funds and shares.	4

Q12. Different types of mutual funds serve different investment goals. Analyze how equity, debt, and hybrid funds cater to investors with different risk appetites. 4 1 4

Rubric	Marks
Explain equity, debt, and hybrid funds with example.	4

Q13. The mutual fund industry has grown significantly over time. Evaluate key factors responsible for this growth. 4 1 3

Rubric	Marks
Explain 4 significant factors contributing to the growth of mutual funds.	4

Section 3 (Answer any 2 question(s))

Marks CO BL

Q14. Explain the role of SEBI in regulating mutual funds in India. Provide two key regulations that protect investors. 4 2 2

Rubric	Marks
Explain any 2 key factors of SEBI to protect investors and the role of SEBI in regulating MF in India.	4

Q15. Differentiate between open-ended and close-ended mutual funds with suitable examples. 4 2 2

Rubric	Marks
Explains open-ended and close-ended mutual funds with examples.	4

Q16. A new investor wants to invest in mutual funds but is confused about NAV and entry/exit load. How would you explain these terms and their impact on investment returns? 4 2 3

Rubric	Marks
defines NAV and entry/exit load and its impact on investors.	4

Section 4 (Answer any 2 question(s))

Marks CO BL

Q17. An investor is selecting a mutual fund and is concerned about investor rights. Identify two key rights that mutual fund investors have and explain their importance. 4 3 3

Rubric	Marks
Explain two key investor rights and two rights, each having 1 mark.	4

Q18. Regulations play a crucial role in ensuring investor protection in mutual funds. Analyze how mutual fund regulations help reduce investment risks. 4 3 4

Rubric	Marks
Identifies and explains at least two specific regulations that protect investors and how to minimize risk. explain	4

Q19. Mutual fund investments are subject to market risks. Evaluate the role of SEBI regulations in balancing investor protection and market freedom. 4 3 4

Rubric	Marks
Evaluate and explain how SEBI maintains a balance between regulation and market growth.	4

Section 5 (Answer any 2 question(s))

Marks CO BL

Q20. Describe the Sharpe Ratio and the Beta Ratio. How do these ratios help in comparing the risk-adjusted returns of different mutual funds? What are the key differences between these two measures? 4 4 4

Rubric	Marks
Meaning of Sharpe & Beta and 2 key differences.	4

Q21. Explain the fundamental difference in the taxation of capital gains arising from equity-oriented mutual funds versus debt-oriented mutual funds in India, focusing on the holding period criteria and the applicable tax rates for both short-term and long-term gains. 4 4 4

Rubric	Marks
Two differences between equity-oriented mutual funds versus debt-oriented mutual funds in India, and also explain both short-term and long-term gains.	4

Q22. Mutual funds often highlight their past performance to attract investors. Evaluate the limitations of using past performance as a basis for investment decisions. 4 4 4

Rubric	Marks
Identifies two key limitations of relying on past performance for investment decisions and evaluates the limitations. each 2 marks.	4

Section 6 (Answer any 2 question(s))

Marks CO BL

Q23. The Indian mutual fund industry has evolved significantly over the years. Analyze two major reforms or regulatory changes that have shaped its growth. 4 5 4

Rubric	Marks
Identifies two significant reforms or regulatory changes in the Indian mutual fund industry and how these reforms have contributed to the industry's development. each part having 2 marks.	4

Q24. Despite growth in the mutual fund industry, retail participation in India remains low. Evaluate two major challenges preventing widespread retail investor participation. 4 4 5

Rubric	Marks
Identifies two key challenges affecting retail investor participation and evaluates the impact of these challenges on mutual fund penetration. each 2 marks	4

Q25. Indian mutual funds compete with other investment options like fixed deposits, real estate, and direct stock investments. Assess the advantages and disadvantages of mutual funds compared to these alternatives.

Rubric	Marks
Identifies two key advantages of mutual funds over other investment options and evaluates two key disadvantages or risks associated with mutual funds. each 2 marks	4

Section 7 (Answer all question(s))

Marks CO BL

10 5 5

Q26. Please read the case and answer the questions at the end

Case Study: The Growth and Challenges of SBI Mutual Fund in India

Background

SBI Mutual Fund (SBI MF), a subsidiary of the State Bank of India (SBI), is one of India's leading mutual fund companies. Established in 1987, SBI MF has played a crucial role in the growth of the Indian mutual fund industry. It offers a diverse range of funds, including equity, debt, hybrid, and thematic funds. As of 2024, SBI MF manages an AUM (assets under management) of ₹3.52 trillion, making it one of the largest mutual fund houses in India. Despite its success, SBI MF faces challenges such as regulatory hurdles, low financial literacy, and investor hesitation due to market volatility.

Problem Statement

Although SBI Mutual Fund has grown significantly, the mutual fund penetration in India remains low, particularly in smaller cities and rural areas. Additionally, market fluctuations and regulatory changes create uncertainty, discouraging potential investors.

Key Challenges Identified

1. Low Investor Awareness—A large section of the Indian population remains unaware of mutual fund benefits.
2. Market Volatility—Frequent stock market fluctuations make investors hesitant.
3. Regulatory Uncertainty—SEBI regulations frequently change, causing operational challenges.
4. Competition from Alternative Investments—Investors often prefer fixed deposits, gold, or real estate.

Questions

- (i) What were the key challenges faced by SBI Mutual Fund in expanding its reach?
- (ii) How did SBI Mutual Fund address the issue of low investor awareness?
- (iii) What role did digital transformation play in SBI Mutual Fund's success?

Rubric	Marks
Que 1. 4 challenges faced by SBI. 4 marks	10
Que 2: 3 methods of addressing issues of low investor awareness. 3 marks	
Q3: 3 Roles of Digital Transformation in the Success of SBI Mutual Fund. 3 marks	
