



**End (Odd) Semester Examination December 2025**

Roll no.....

Name of the Course: MBA

Semester: III

Name of the Paper: Financial Institutions and Services

Paper Code: MBA 303(FN5)

**Time: 3 hour**

**Maximum Marks: 100**

**Note:**

- (i) This question paper contains two Sections - A and B
- (ii) Both Sections are compulsory
- (iii) Answer any two sub questions from a, b & c in each main question of Section A. Each sub question carries 10 marks.
- (iv) Section B, consisting of a case study, is compulsory. It is of 20 Marks.

**Section A**

- Q1. (2X10 = 20 Marks)
- a. Discuss the role of fintech in Indian economy. (CO 1)
  - b. Discuss the failure of financial institutions in providing adequate credit to MSME sector. (CO 1)
  - c. Discuss the change in gold value in 2025. (CO 1)

- Q2. (2X10 = 20 Marks)
- a. "NBFCs are better than banks" Comment. (CO 2,3)
  - b. Analyse the role of leasing and hire purchase for economic growth. (CO 2,3)
  - c. Analyse different types of banking products. (CO 2,3)

- Q3. (2X10 = 20 Marks)
- a. Evaluate the types of mutual funds. (CO 4)
  - b. Evaluate the difference between life insurance and general insurance. (CO 4)
  - c. Evaluate the impact of tariff war on Indian stock market. (CO 4)

- Q4. (2X10 = 20 Marks)
- a. Evaluate the long term and short term credit rating scales in India. (CO 5)
  - b. Evaluate the difference between factoring and forfaiting. (CO 5)
  - c. Evaluate the role of SEBI in market regulation. (CO 5)

**Section B**

- Q5. Case Study (20 Marks)

**Governance Deficit in Bank or RBI !!!**

The board wanted him to stay for three more years. The RBI gave him only one. It's hard not to see a connection. While the regulator didn't outright say, "We don't fully trust you," with a one-year extension instead of the standard three, it seems like the RBI is hedging its bets. Taking moral responsibility for the bank's derivative-related losses, Sumant Kathpalia, Managing Director and CEO of the crisis-hit IndusInd Bank, resigned from his position on Tuesday. In his resignation letter to the board, Kathpalia stated that he was stepping down in light of the losses incurred by the bank. Notably, Kathpalia had been granted only a one-year extension by the Reserve Bank of India when his term ended last year—amid the fallout from the derivative-linked financial crisis that came to





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light around the same time. As a result, he officially ceased to be MD and CEO from the close of business on Tuesday.

His resignation follows that of Arun Khurana, the bank's Whole-Time Director and Deputy CEO, who stepped down on Monday. IndusInd Bank is part of the Hinduja Group. The Bank reported a Rs 1,960 crore derivative loss due to accounting discrepancies, for years — five to seven years, in fact — the bank did something odd. Often, when the bank had notional, mark-to-market gains, it promptly booked those gains. On the other hand, a lot of the money that it notionally lost was parked with its "*other liabilities*" — where it would get lost amongst a lot of other short-term payments it was due to make. So basically, any gains from prop trading looked like income, but it dressed losses up so that they didn't look like lost money. Ashok Hinduja, Chairman of IndusInd International Holding, a key promoter entity, characterized the ₹1,600 crore impact as relatively small in the grand scheme of the bank's financials.

When the discrepancies became significant in 2023, the RBI intervened, and asked for an internal review. By March 2024, the RBI had banned internal derivatives trading by banks. The RBI had hired EY and PwC to investigate the matter, however, neither of the two managed to make any headway in the matter. In February 2025, a team of the RBI investigated the matter and identified the derivative losses. Meanwhile, the Reserve Bank of India (RBI) sources said that derivative and MFI-related losses would wipe out IndusInd Bank's fourth quarter profits, and the bank might even show a minor loss during the quarter. The derivative loss of Rs 1,960 crore would be reflected in the fourth quarter financial statements of the bank. Additionally, the bank will have to provide for Rs 320-odd crore for NPAs in the microfinance loan book. "In a normal situation, the bank might have posted Rs 1,800 crore in profit, but given the derivative losses and the provision for MFI loan book, the bank would post a small loss in the fourth quarter,"

A report by Grant Thornton -- fixing accountability of the people responsible for the mess -- has been submitted to the board. Sources said the RBI had asked Grant Thornton to put the people involved in the case in three baskets -- those who were aware of the practice and had the power to stop it but did not; people who were capable of stopping it but chose to remain silent, and those who were mere bystanders.

Meanwhile, RBI has said that it is not considering any regulatory changes across the industry in the wake of the IndusInd Bank crisis. "We would not be punishing others for someone else's ingenuity," said an RBI source.

A problem with how the bank accounted for certain derivative transactions has forced it to take a hit of roughly 2.35% to its net worth. In rupee terms, that means that overnight, around ₹1,500–2,000 crore of shareholder value simply disappeared from its books. If this is all true, IndusInd will get over this fiasco. But honestly, the question now isn't whether IndusInd survives this. The real question is how long it takes to restore trust. And that, as always in finance, is the hardest thing to earn back.



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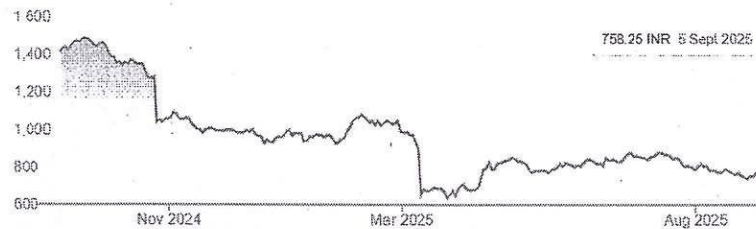
Market Summary > IndusInd Bank Ltd

**758.25** INR

-651.10 (-46.20%) ↓ past year

5 Sept, 3:30 pm IST • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Q. Evaluate the governance of IndusInd bank and RBI. Recommend sustainable solutions for good governance.

(CO 1, 2, 3, 5)