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Total number of printed pages – 3

MBA  
MBA 306B

Third Semester Examination – 2013

FINANCIAL SERVICES

QUESTION CODE : C- 526

Full Marks – 70

Time : 3 Hours

Answer Question No. 1 & 2 which are compulsory and any **four** from the rest.  
The figures in the right-hand margin indicate marks.

1. Answer the following questions : 2×10
- (a) What is venture capital ?
  - (b) Give two characteristics of merchant bank.
  - (c) Give two functions of credit rating agencies.
  - (d) Give two objectives of securitization.
  - (e) Give two advantages of listing of securities.
  - (f) Define GOR.
  - (g) What is call money ?
  - (h) Give two characteristics of leasing.
  - (i) How do you compute NAV ?
  - (j) Define retail finance.
2. A. Mr. AGRAWAL, a pass out from a leading business school of India desires to start a business of providing food facility in business schools of eastern India starting from session 2014. The estimated cost of the project is Rs. 50

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lakh for the amount his own equity is only Rs.5 lakh. For the rest amount he proposes to avail loan of Rs. 25 lakh from ICICI bank at 10% rate of interest for a period of 20 years, payable half yearly. For the balance amount, he is availing, an open cash credit facility with State Bank of India, interest chargeable @ 18% p.a. compounding daily on reduced balance, payable any time during banking hours.

Decide out of the above sources which relates to capital market and which relate to money market. Give reasons for your answer. 5

B. From the following details decide which financing to be availed (Hire purchase or Lease) 5

(a) Cost of equipment Rs.5,00,000

(b) Down payment 25%.

(c) Number of installments 04, payable at the end of the year.

(d) Flat rate of interest 15%.

(e) Annual lease rent Rs.1,00,000, lease period being 5 years.

(f) Tax rate is 35%.

(g) Depreciation rate is 25% on reduced balance. Give your justification in detail.

3. What do you mean by financial services ? How is it different from other services ? Give the scope and importance or such services in modern financial system. 10

4. What is a Mutual Fund ? Discuss the role of Mutual Fund as a means of augmenting large capital and sharing the risk of investment. 10

5. Distinguish between : 5+5

(a) Factoring and Forfeiting

(b) Close Ended Fund and Open Ended Fund

6. (a) Discuss the Regulations available for merchant banking. 5
- (b) What are the methods of financing venture capital? 5
7. "Rise and fall in SENSEX is considered as an indication of economic health of the nation as a whole". Elucidate the statement with suitable example. 10
8. Discuss the trading mechanism followed in stock exchanges in India. Substantiate your answer by taking at least three examples. 10
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